Daily Report

Central Eurasia

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FBIS-SOV-95-085 *3 May 1995*

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'Probing' of Odessans in Group's Visit to NATO

MK2704091095 Moscow SEGODNYA in Russian 27 Apr 95 p 4

[Report by Yuriy Selivanov under the "Contacts" rubric. "NATO Is Interested in Odessa. 'Partnership for Peace' Program Opens up Broad Possibilities for Absolutely Legal Spying"]

[FBIS Translated Text] Visiting NATO headquarters in Mons recently was an unusual delegation composed of representatives of the bodies of power, military and scientific circles, as well as mass media of Odessa. It became clear at the venue that the visitors from the Black Sea city proved to be the first visitors in NATO's history representing a separate city within the CIS framework. The Odessans were given top-drawer treatment: heads of NATO committees, generals, and diplomats spoke with them. Notably, these discussions, the visitors think, attested to NATO's special interest in the northern shores of the Black Sea.

The visit by the Odessa delegation was undertaken under the "Partnership for Peace" program, which calls for the development of all-around contacts with the public of member countries. In this regard, the goal of this meeting was met to the maximum—the Odessans left for home literally larded with publicity material on the North Atlantic bloc. The broad sweep of NATO's propaganda exercise is seen at least in this fact—the Odessa television people were given a gift of a whole crate of costly professional "Betacam" video cassettes with all sorts of recordings telling about the none too easy toil of NATO troopers.

In their discussions with the Odessans the hosts were especially curious about their ideas on the proposed expansion of NATO. In doing so, NATO spokesmen discretely made it understood they appreciated Ukraine's position as a European state experiencing pressure from the East and having impatient neighbors in the West dreaming of taking cover as soon as possible under the wing of the North Atlantic alliance. The Odessans became divided on NATO's future. However, those of them who proposed that the question of bloc's expansion be either frozen or that all comers should be admitted to it did not meet with understanding of the hosts.

On the whole, visitors from Odessa who went to the NATO headquarters had the impression that they became a target of purposeful probing being carried out by the bloc's leadership on a much greater scale in regard to the population of all states taking part in the "Partnership for Peace" program. Without a doubt, such a method of gathering information about the situation in the regions within the sphere of NATO's vital interests is very effective and enables the NATO command to make military-political decisions on the basis of fully authentic information.

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Central Asian Bank Official Interviewed

LD0205125795 Almaty PANORAMA in Russian 29 Apr 95 p 3

[FBIS Translated Text] The Central Asian Bank for Cooperation and Development aims to attract domestic and foreign credits. Satybaldy Sazanov, president of the Central Asian Bank for Cooperation and Development (CABCD), answers the questions of PANORAMA.

[PANORAMA] How interrelated are the issues of forming the authorized fund of the CABCD and the development and implementation of the program of economic integration approved at the meeting of the heads of government [of Uzbekistan, Kazakhstan, and Kyrgyzstan] in Bishkek?

[Sazanov] As is well-known, the authorized fund of the CABCD should be $9 million. However, today for the time being we do not have even half that amount available, and that is precisely why a decision was taken at the Bishkek meeting to raise the amount of the authorized fund to $4.5 million by the end of April, and to $9 million by the end of the first six-month period. This question is extremely important for us, as the cost of the primary projects alone amounts to $50 million, and there is no doubt that to implement them it will be necessary to attract both internal and foreign credits. And attracting them is the basic aim of the CABCD today.

[PANORAMA] What is the plan for returning credits?

[Sazanov] We propose that these credits will be taken on guarantees of the ministries of finance of the three states, and that the country on whose territory the project being financed is situated will take responsibility for returning the credits.

The largest project is the reconstruction of enterprises of the Karatau joint-stock society to increase phosphorite concentrate output, the cost of which amounts to $45 million according to preliminary calculations. Phosphorous raw materials are currently attractive for all the states of Central Asia. It seems that a phosphorous alliance will be created with the participation of Karatau's customers and interested enterprises of the Karatau holding company and also the Dzhambul State District Power Station, the Alaugaz joint-stock society, the Uzbekneftegaz [Uzbek oil and gas] corporation, and their Samarkand, Almalyk, Novokokand chemical plants and their respective contributions. The rest of the projects—increasing manufacturing capacities of gas, water and electric meters, organizing the production of electric motors for domestic appliances and general industrial equipment, and the production of blood preparations—the CABCD will be able to finance independently, it seems, as the cost of each project is no more than $1 million. At the same time, as PANORAMA has already reported, the first such project has been launched—the manufacture of domestic power meters, at a cost of $300,000.

[PANORAMA] Evidently that realization of more large projects will require considerable foreign investments. How much investor interest is realistic?

[Sazanov] We do not yet have exhaustive information about this. I remind you that we only received our National Bank licence in February this year. But it is necessary to have concrete projects for any negotiations. A list of them was approved several days ago, and it is meaningless to start negotiations without a package of documents on them. Nevertheless we have already held negotiations with the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development, Deutsche Bank, Dresdener Bank, the Asian Development Bank, with banks from south-east Asia and our southern neighbors: Iran, Turkey, Egypt, Pakistan. And, judging by their reaction, they are ready to continue negotiations.

As is well known, a decision to set up a bank on the basis of the Economic Cooperation Organization [ECO] has been taken. And if Uzbekistan, Kyrgyzstan, and Kazakhstan join it, as is logical, since they are members of the ECO, it would be sensible for the CABCD to represent their interests in this newly-established bank. So far there has been no official reaction to this proposal, but we expect it to be positive. Moreover, Russia has shown a direct interest in taking part in these projects, and we welcome that. This, by the way, is a good occasion to disprove accusations of pan-Turkic inclinations: Our Union is open to everyone.

[PANORAMA] The urge to integrate should be confirmed at least by well-adjusted mutual convertibility of currencies.

[Sazanov] The Council of Prime Ministers has taken a decision to ask the Central Bank of Uzbekistan to consider the question of admitting the CABCD to buying and selling operations in the national currencies of the participating states. And, apart from that, it would be desirable for the central banks of the three states to consider the possibility of the CABCD's taking part in currency sales. It is related to the fact that Uzbekistan, in contrast to the liberal regime of currency sales participation in Kazakhstan and Kyrgyzstan, exerts strict control over currency flows, and of course nobody wants to interfere in it.

As regards soft currencies, we want to quote at the free rate, but our Uzbek colleagues insist on the fixed rate. Today one can already judge the consequences of such a step. The official exchange rate of the tenge to the som is 27, and the real exchange rate fluctuates around 40.

In future the CABCD proposes to start stimulating the regulation of physical exchange of soft currencies, and the introduction of plastic cards in the three states. Moreover, we are working on the possibility of issuing our own treasury notes as a means of payment. We also plan to issue the financial and economic legislation of the three states, as so far their differences are perceived

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as through a glass darkly at the official level, but are very well understood on the consumer level.

Five CIS Countries Urge UN Mission in Tajikistan

LD0105201495 Moscow ITAR-TASS in English 1951 GMT 1 May 95

[By Boris Sitnikov]

[FBIS Transcribed Text] United Nations, May 1 (Itar-Tass)—Five CIS countries urged the United Nations to launch a large-scale peace-keeping operation in Tajikistan.

A statement to this effect has been issued by Kazakhstan, Russia, Tajikistan, Uzbekistan and Kyrgyzstan which have provided troops to protect the Tajik border.

The statement said that at their meeting in Moscow on April 20 the foreign ministers of the five countries expressed deep concern about the situation on the Tajik border where attacks on border posts had become increasingly brazen and provocative.

The foreign ministers noted the important role of the CIS peace-keeping troops whose presence in Tajikistan keeps the conflict from spreading, stabilises the situation in the country and facilitates a dialogue between the warring factions.

The ministers urged the international community "to pay more attention to peace-keeping in Tajikistan and play a more active role in diffusing this dangerous source of international tension."

CIS Peoples Asked To Pool Efforts To Prevent War

MM0105112695 Moscow KRASNAYA ZVEZDA in Russian 29 Apr 95 p 1

["Appeal to the Peoples of the Commonwealth States and to the World Public in Connection With the 50th Anniversary of the Victory Over Fascism"—KRASNAYA ZVEZDA headline]

[FBIS Translated Text] The CIS heads of state appeal to the peoples of their countries and to the world public in connection with the 50th anniversary of the Great Victory over fascism.

The day 9 May 1945 will go down in the history of mankind as the most memorable and most significant date of the 20th century—the day when good and freedom triumphed and the day that finally rid peoples of the threat of fascist enslavement.

This Great Victory was based on the heroism of the Soviet Army, partisans, and underground members; the dogged selfless labor of our peoples in the rear, and the wholehearted courage, staunchness, and fraternity of our peoples.

The Allied troops, the antifascist movements, and the efforts made by all the peoples of the countries within the anti-Hitler coalition made an important contribution to the fight against fascism.

The Victory was a very vivid manifestation of the all-destructive force of the peoples' collective spirit and selflessness, the individual heroism of people who upheld and defended their right to freedom and human dignity, and the ability of the world's peoples to unite in the face of mortal danger.

The Victory demonstrated the possibility of and need for cooperation between members of the world community in safeguarding international security and preventing another world war.

We will never forget that huge sacrifices were made for the sake of peace, freedom, and democracy. On behalf of our compatriots we urge the peoples of the Commonwealth and the world public to honor the memory of the dead, carefully preserving the embodiment of that memory, and paying full due to the surviving creators of the Victory.

As we strive to consolidate world peace, we solemnly confirm our peoples' firm desire to seek to deepen all-around cooperation both within the Commonwealth framework and with all countries for the sake of peace and prosperity.

We urge everyone to redouble their efforts to resist new threats to peaceful life on our planet and to eliminate existing and avert potential conflicts, whose tragic development could present a challenge to the ideals of humanity and progress and pose the danger of more disaster, devastation, and bloodshed.

Aware of our sacred duty to the heroes of the Great Victory, living and dead, we urge all peoples of the Commonwealth of Independent States and the world public to pool their efforts and will to rid future generations of the horrors and disasters of more wars!

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U.S. Measures Suggest 'Tough' Talks With Moscow

MM0305114095 Moscow KOMMERSANT-DAILY in Russian 3 May 95 pp 1, 4

[Report by Andrey Smirnov: "Russian-Iranian Nuclear Deal: Clinton's March on Tehran. First Stop Moscow"]

[FBIS Translated Text] On Sunday [30 April] the U.S. President addressed the World Jewish Congress, speaking about terrorism. Following the explosion in Oklahoma City Bill Clinton has publicized a series of measures to combat terrorism inside and outside the country. But whereas the administration has to wait for the Congress to adopt the relevant laws in order to step up the fight against terrorism in the United States, outside enemies can be dealt with now. Which is what Clinton has done: He announced the need for a trade embargo against Iran, which is, in his view, the main sponsor of international terrorism. According to a White House spokesman, a directive to this effect will be signed this week. But it seems that Clinton will have to set off on his anti-Iran campaign alone—his sudden impulse has not met with fitting support from his traditional allies.

There has long been talk of introducing an embargo. Tehran joined the terrorist regimes after 1979, when the Islamic Revolutionary Guards took U.S. diplomats hostage. The United States retaliated by freezing Iranian accounts. Then came other sanctions: A ban was imposed on Iranian oil imports, and U.S. companies were prohibited from shipping dual-purpose technologies to Iran. But there was not an all-out ban on U.S. firms doing business with Tehran.

Of late the Iranian factor has come to the fore in U.S. policy in connection with the deal for Russia to supply Iran with light-water reactors to complete the construction of the Bushehr AES [nuclear electric power station]. Washington reiterates Tehran's desire to gain hold of nuclear weapons—despite IAEA [International Atomic Energy Agency] assurances that there is no trace of a military nuclear program in Iran. Moscow is sticking to its guns, although there is no lack of rumors that its stubbornness may end in some kind of compromise (compensation on the DPRK reactor market, for instance). China, which has also stated its intention of selling reactors to Iran, recently joined in.

Clinton had already demonstrated in March his determination to waive mercantile interests for the noble purpose of combating terrorism by forbidding a Conoco plan for investment in the exploration of Iran's oil fields. The decision to totally suspend trading contacts with Iran (the president has that right under the "Emergency Powers" Act), according to a U.S. Administration spokesman, will lead to the loss of thousands of jobs and will result in losses of $3.5 billion for U.S. oil companies (the European subsidiaries of Exxon and Texaco are the major importers of Iranian oil). Exports to Iran, which brought in $326 million last year, are also affected by the ban. U.S. companies will be banned from any investment in Iran. In the view of an anonymous White House spokesman, the increase in world oil prices as a result of the embargo that is predicted by many experts will not be long-term: "Energy sources will find their way to the market in one form or another."

Clinton's initiative undoubtedly counted on support from other countries, primarily his traditional allies. But that has not been the case. A domestic policy slant can clearly be discerned in the U.S. President's anti-Iranian campaign (a desire to score points via determined action against another "evil empire" contrasted with a featureless and unintelligible domestic policy). But other Western capitals do not feel the need, and therefore Washington's impulse went ignored. Even the British Government, which has always loyally stuck to the principles of Anglo-Saxon solidarity, has already expressed its skepticism and is so far refusing to subscribe to the embargo. At the same time a British Foreign Office spokesman cited his country's characteristic free trade policy, which rejects the idea of an embargo as such. France via its Foreign Minister Alain Juppe said that "it does not believe in unilateral embargoes" at all and Paris intends to continue "critical dialogue" with Tehran. And although FRG Economy Minister Guenter Rexrodt said that Bonn still lacks an official line on this, he has pointed out that an embargo is not an instrument that could have any effect on Iran. The FRG will most likely also reject the U.S. initiative. The European Union [EU] as a whole has already effectively rejected it—via the EU Commission speaker: "We have no intention of subscribing to this initiative." The idea of the need to continue "critical dialogue" with Iran was subsequently reiterated. However, Clinton's initiative was most likely timed to coincide with his upcoming talks with Boris Yeltsin in Moscow. And ahead of the talks, the U.S. President has hinted that the dialogue with his Russian counterpart will be tough.

Further on Visit by Duma Chairman to U.S.

Rybkin, Amoco Eurasia Chief Meet

LD0205220795 Moscow ITAR-TASS World Service in Russian 2023 GMT 2 May 95

[By ITAR-TASS correspondent Igor Borisenko]

[FBIS Translated Excerpt] Washington, 2 May—Russian State Duma Chairman Ivan Rybkin, who is on a working visit to the United States, met today (Don Stacey), chairman of Amoco Eurasia oil company. Issues, in particular, relating to Russia's investment system and taxation legislation, were discussed during the meeting. An ITAR-TASS correspondent was told by circles close to the delegation that the State Duma chairman spoke unequivocally in support of the joint Russian-American projects that are being implemented by Amoco, Conoco,

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and Anderman Smith. As an example of fruitful cooperation, he quoted the project of developing the Priobskoye oil field in the Khanty-Mansiysk Area. "We will work to improve the investment climate and legislative basis for foreign investments in Russia," Ivan Rybkin stressed.

(Don Stacey), chairman of Amoco Eurasia, described the meeting as "a very important and useful." In a conversation with the ITAR-TASS correspondent, he stressed that "the tone of the meeting was very positive. We discussed a wide range of projects of Amoco in Russia, and specifically, the issue of the Priobskoye oil field. [passage omitted on background information on Priobskoye oil field]

Rybkin Meets Perry, Lake

LD0305060295 Moscow ITAR-TASS in English 0552 GMT 3 May 95

[By Igor Borisenko]

[FBIS Transcribed Text] Washington, April [as received] 3 (Itar-Tass)—State Duma Chairman Ivan Rybkin, who is in the US capital for a working visit, met US Defence Secretary William Perry on Tuesday to discuss a wide range of issues, including prospects for the ratification of the START-2 agreement between Russia and the United States.

"It is necessary to work towards making the peace belt from Vancouver to Vladivostok a reality," Rybkin told Itar-Tass. "Russia must be an equal among other equals within this peace belt, a security belt," he added.

Rybkin said NATO's eastward expansion was also discussed in Washington. "We think that the Organisation for Security and cooperation in Europe has an inexhaustible potential," he said.

"We set forth our position, and, as far as we could see, our partners were receptive to our arguments," Rybkin said.

In this context, the Duma chairman pointed to the need to spread the principles of collective security and mutually beneficial cooperation to other regions, in particular the Pacific.

"We had a very interesting conversation about the entire range of Russian-American relations with the President's national security aide Anthony Lake," Rybkin said.

"We touched upon the most acute issues: the delivery of nuclear reactors to Iran, and prospects for the ratification of the strategic arms reduction treaty (START-2). We also discussed a number of American laws which brake down cooperation between our two countries," Rybkin said, concluding that it was an open and interesting dialogue.

"On the whole, this working trip we made at the invitation of Vice President Albert Gore and the American-Russian Business Council was quite fruitful," Rybkin said.

Further on Release of U.S. Citizens Near Border

LD0305092395 Moscow ITAR-TASS World Service in Russian 0310 GMT 3 May 95

[By ITAR-TASS correspondent Larisa Beloivan]

[FBIS Translated Text] Vladivostok, 3 May—"There was no reason whatever to suspect that the three Americans apprehended on 30 April by Russian border guards in the vicinity of the village of Khasan on the border with the DPRK were spying," Major General Anatoliy Vasin, chief of the counterintelligence branch of the Pacific border district told ITAR-TASS in an interview today.

As already reported, three U.S. nationals who had been filming the areas near the border area were apprehended and subsequently released by the border guards. Major General Vasin, chief of the local counterintelligence branch, said: "The border guards had no reason to hand over the Americans to the counterintelligence department, just as they had no reason to detain the U.S. nationals longer than was necessary to find out their identities." He said "there are no classified sites in that locality to interest a real spy."

He said the Russian border guards were forced to apprehend the foreigners because one of them was carrying no identification. The Americans were released as soon as the U.S. General Consulate Office in Vladivostok confirmed his identity. He is a resident and businessman in the state of Washington. His two friends, who work for joint Russian-U.S. companies and who have been working in Vladivostok for a long time, are (Jeffrey Millikan) from Florida and (Peter Tarfant) from Michigan.

In the border village of Khasan, the Americans were filming the Tumen River, which separates Russia from the DPRK. The foreign businessmen explained that their interest in the Khasan area is due to their interest in the widely advertised international project "Tumangan." As everyone knows, the implementation of this colossal project will begin at the estuary of the Tumen River, where a major sea port is expected to be built with the help of foreign investments.

Diplomats To Stay in Zagreb Despite Clashes

LD0305094295 Moscow Radio Rossii Network in Russian 0900 GMT 3 May 95

[FBIS Translated Text] A well-informed source in the Russian Foreign Ministry has told a RIA Novosti correspondent that despite the complicated situation in Zagreb and air-raid warnings in the city, the issue of evacuating the staff of the Russian Embassy there has not been discussed. According to the diplomat, the

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Russian Embassy is functioning normally and maintains constant contacts with Moscow.

Russian Faction of Estonian Parliament in Moscow

LD0205193195 Tallinn Estonian Television Network in Russian 1545 GMT 2 May 95

[FBIS Translated Text] At the invitation of the Russian State Duma, members of the Russian faction in the Estonian parliament have been visiting Moscow. Faction chairman Viktor Andrejev told this program what issues were under discussion during their visit.

[Begin recording] [Andrejev] It was highly symbolic that the very first meeting once we arrived in Moscow took place with a citizen of the Republic of Estonia, that is with Patriarch Aleksiy II of Moscow and all-Russia. We discussed the registration of the Estonian Apostolic Orthodox Church, discussed, in fact, a string of issues and drew up a plan as to how we could facilitate a resolution to this legal conflict that has arisen in Estonia.

[Unidentified correspondent] Did your discussion take any concrete form?

[Andrejev] Well, we exchanged ideas. The patriarch voiced his opinion and we offered our services as a faction of deputies to encourage the appearance—first and foremost—of the full set of documents, together with the patriarch's opinion and that of Archbishop Kornelius, on the table of the new Minister of Internal Affairs Edgar Savisaar, because he is not familiar with these problems. In other words, our faction will be fulfilling the role of mediator.

After that a string of meetings took place with chairmen of leading committees of the Russian State Duma, first of all with Konstantin Zatulin, who heads the Committee for CIS Affairs and Links with Compatriots, and Vladimir Lukin, who heads the State Duma's Committee for International Affairs. Apart from all other issues that interest our faction, first and foremost, during our discussions we also touched on the issue that, well, is at the national scale as far as Estonia is concerned—that is the issue of the return of the regalia of former President Konstantin Pats. The issue, as you know, is that so far the president's regalia have not been returned. We decided to raise this issue at our meetings. A certain understanding on this issue was reached and I think that this visit will facilitate a solution to this issue to a certain degree, it being an issue that I think is of importance to the state of Estonia.

[Correspondent] In which context was the so-called Russian issue discussed?

[Andrejev] Well, the Russian issue was discussed in the context of the pre-election platform, which served as a basis of our electoral pact, Estonia Is Our Home. First and foremost, this is, well, support to education in the mother language in Estonia, support to Russian culture in Estonia, and in particular.... [pauses] You know that ahead of us there is a Russian cultural festival, the Slav wreath, and we also discussed this issue. We handed over a letter from Mr. Solovey which requested both moral and material support. So first and foremost, it was the issues of culture and education that interested us and were touched upon at our meetings.

[Correspondent] Please tell me: Did you discuss the issue of the ratification by the Russian Duma of the Estonian-Russian agreements that were signed in the summer of last year?

[Andrejev] Yes, this issue was also touched upon at our meetings—first and foremost, with Aleksandr Udaltsov, a representative of the Ministry of Foreign Affairs, and Lukin, who heads a similar committee in the State Duma. The issue was viewed from the point of view that if the countries' presidents signed them it is logical to ratify these documents at the parliamentary level. Naturally, this should be done in parallel. It would not be quite correct to ratify these unilaterally, although it was said that Russia is prepared to ratify the agreements on the military withdrawal and providing assistance.... [pauses] guarantees to pensioners unilaterally. [end recording]

Results of Probe Into Katyn Massacres Noted

MM0205151495 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Apr 95 p 2

[Report by Natalya Purtova in response to reader's letter: "Shootings at Katyn Began Under the Tsars"—first two paragraphs are reader's letter]

[FBIS Translated Text] "I have been following with interest the articles on the shooting of Polish officers at Katyn. I know that the investigation of this matter has been going on for many years now. I should like to know whether anything new has come to light?

"Galina Sheryakina, Smolensk"

The criminal investigation of the Katyn events launched by the Military Prosecutor's Office back in 1993 is drawing to a close. And certain results can be drawn up right now.

Five thousand Polish officers and around 10,000 Russian prisoners were shot in that small town near Smolensk.

Investigators are still recording an increased concentration of protein in the soil as a result of the decomposition of the corpses. Ignorant of the cause, local inhabitants marvel: "This is the best place there is for growing potatoes."

Details have emerged during the inquiry that are of greater interest to historians than to the investigators. It transpires that people were being shot in Katyn back at the start of the century. The tsarist authorities regarded the expanses of Smolensk as a most suitable place for

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dispatching prisoners. Until now it has not been known for certain whether these were "political" participants in the first Russian revolution or condemned criminals. The shootings continued in the twenties and thirties. The Federal Security Service has searched for a long time to find documents confirming that Poles were shot in the Smolensk area, but has utterly failed. Files on them disappeared very mysteriously in the late fifties. Sensational details regarding the fact that it was Nikita Khrushchev who initiated the destruction of the documents only became known quite recently.

SRV Ambassador Interviewed on Russia Relations

LD0305084795 Moscow ITAR-TASS in English 0741 GMT 3 May 95

[By Sergey Afonin]

[FBIS Transcribed Text] MOSCOW, April [as received] 3 (Itar-Tass)—"Russia ranks high among priorities in Vietnam's foreign policy, and our principled policy calls for further strengthening and development of multifaceted ties with Russia," Vietnam's Ambassador to the Russian Federation Ho Huan Nghiem told Itar-Tass today.

Both countries are pleased with the Treaty of friendship and cooperation they signed last year leaving behind a "lull" that occurred in their relations in the early nineties, the Ambassador said.

According to the Ambassador, the potential for trade between Russia and Vietnam is far from being used up. The value of Vietnam's foreign trade last year reached nine billion dollars, with the share of its trade with Russia accounting for a mere 300 million dollars, while the Soviet Union used to account for more than 60 percent in Vietnam's foreign trade turnover.

At present, more than 1,200 joint ventures with foreign firms and companies have been registered in Vietnam, their total capital valued at 12 billion dollars. There are only 50 to 60 joint ventures with Russian partners, although some of them are really impressive, like the Vietsovpetro giant which plans to extract between 7 million and 7.5 million tonnes of oil on the sea shelf in Southern Vietnam.

According to the Ambassador, both sides are now getting ready for a meeting of the inter-governmental commission scheduled for the end of May in Moscow. The commission will work on a programme for enhanced interaction in a number of promising directions, including the agroindustrial complex, the energy sector, machine building, consumer goods production, science and technology, as well as personnel training and culture.

Computer Networking Firm To Establish Dealership

MM0205152795 Moscow RABOCHAYA TRIBUNA in Russian 29 Apr 95 p 4

[Report by Irina Deyneko: "The Computer as the Engine of Business"]

[FBIS Translated Text] The rapid growth of many Russian financial and industrial structures is forcing them to equip and reequip not just with newer generation computers but with entire computer networks. But the problem is that each time, they have to replace practically all their equipment, fine—tuning themselves to their increased requirements.

The world-famous Bay Networks company (its annual turnover is over $1 billion) is tackling this problem. It is producing "expandable technology" [rasshiryayemaya tekhnika], which can be tailored to create computer networks of any width, capacity, or structure—depending on their user's wishes.

An example of this structure was the single computer network which linked the stands of the COMTECH-95 exhibition held in Moscow's Expocenter in Krasnaya Presnya.

The other day Bay Networks signed one of the first dealership contracts in Russia—with Moscow firm Jet Infosystems, whose technological policy and engineer training, in Bay's opinion, meet the most stringent requirements.

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Political Issues

Zhirinovskiy Arrives in Orenburg on City Tour

LD0205162695 Moscow INTERFAX in English 1446 GMT 2 May 95

[FBIS Transcribed Text] Orenburg, May 2 (Interfax)—Liberal Democratic Party [LDP] leader Vladimir Zhirinovskiy, who is touring a number of Russian cities, has arrived in Orenburg.

The LDP's press service quotes Zhirinovskiy as saying at a massive rally in the city center that bureaucrats and democrats were to blame for the deepest crisis in Russia. He said that the Liberal Democratic Party was the only one able to end the crisis, because it had not discredited itself by corruption or betrayals.

Zhirinovskiy is leading a group of LDP State Duma members who, the LDP press-service says, "were warmly welcomed in Orenburg by ordinary people and the city authorities, including Mayor Gennadiy Dankovtsev".

Zhirinovskiy on April 30 ended another tour of the country, which had taken him "from Kaliningrad and the Baltic border guard posts to the Moskovskiy border guard garrison on the Tajik-Afghan border", the report says.

During Zhirinovskiy's visit to the Tajik-Afghan border there was an armed clash there. "Border guards repelled an attack by Afghan and Tajik militants trying to penetrate into Tajikistan. Zhirinovskiy was in the center of the clash and even opened fire with a heavy machine-gun. A soldier from Magnitogorsk assisted Zhirinovskiy as the loading number", the report says. It points out that "without taking a rest after this strenuous trip Zhirinovskiy has begun another one". On Tuesday night Zhirinovskiy will be in Magnitogorsk, where he "hopes to see the parents of the soldier with whom he defended the border", the LDP press-release says.

Promises Voters Fruit, Clothing

LD0205150195 Moscow ITAR-TASS World Service in Russian 1406 GMT 2 May 95

[By ITAR-TASS correspondent Nikolay Goncharov]

[FBIS Translated Text] Orenburg, 2 May (ITAR-TASS)—[LDPR leader] Vladimir Zhirinovskiy promised the population of Orenburg that if they vote for him at the next presidential election, he will "send trainloads of fruit, clothes, footwear, and raw materials from Central Asia and India to Orenburg."

The leader of the Liberal Democratic Party of Russia [LDPR] arrived here today as part of his preparations for the parliamentary and presidential elections. Zhirinovskiy said that the two electoral movements led by Viktor Chernomyrdin and Ivan Rybkin "have no future." The speaker was persuading those gathered in a public garden named after Lenin that the LDPR alone is able to put an end to the unemployment, inflation, high prices, social injustice, and crime.

He also advanced the following argument: "If you don't vote for the LDPR, you will end up seeing Orenburg captured by Central Asia."

As usual, Vladimir Zhirinovskiy used tough, even insulting words to describe the leaders of Russia and a number of the CIS countries. He spoke uncomplimentarily of Grigoriy Yavlinskiy, Boris Fedorov, and several other possible—in his view—contenders for the presidential post.

The leader of Liberal Democrats will speak on local TV tonight, after which he will fly to Magnitogorsk.

Offers Jail to Gorbachev

LD0305095595 Moscow ITAR-TASS in English 0934 GMT 3 May 95

[By Nikolay Goncharov]

[FBIS Transcribed Text] ORENBURG, April [as received] 3 (Itar-Tass)—Controversial leader of the Liberal-Democratic party of Russia [LPDR] Vladimir Zhirinovskiy said former Soviet President Mikhail Gorbachev had better think about which jail to be sent to—Matrosskaya Tishina (where the leaders of the 1993 armed resistance to President Yeltsin were imprisoned) or Lefortovo (the former top security KGB jail) than ponder nomination for Russian President. "Personally, I would choose Taganka for him", Zhirinovskiy told a meeting of voters in Orenburg, referring to the no-longer extant prison for hardened prisoners in Central Moscow.

As concerns Russia's present leaders, Zhirinovskiy advised them to book tickets in advance for north-bound trains, "up to Anadyr" in the country's northeasternmost region.

Zhirinovskiy spoke denigratingly about the leaders of some Commonwealth member-states, particularly those in Central Asia, who, he said, are setting an example "of usurpation of power".

The LDPR leader, who visited Orenburg within the framework of preparations for the parliamentary and presidential elections, promised the local inhabitants that if they caste their ballots in his favour in the 1996 presidential elections, he would have "trainfuls of fruit, clothing, footwear and raw materials sent to them from Central Asia and India".

Poll Shows Half of Russians Politically Apathetic

LD0205134195 Moscow Mayak Radio Network in Russian 1300 GMT 2 May 95

[FBIS Translated Text] Every fifth Russian has already made up their mind as to the kind of party they would like to vote for at the next parliamentary elections. According to data from a national poll conducted by the

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Public Opinion Foundation, four percent of Russians support right-wingers, seven percent support left-wingers, and eight percent support centrists. At the same time, such a statement means nothing to practically every second Russian—49 percent. There are twice as many people in Moscow and St. Petersburg willing to vote for a particular party than in the provinces. These data came from the IMA [expansion unknown] press agency.

Clarification of Political Advertising Rules Urged

MM0305101995 Moscow ROSSIYSKAYA GAZETA in Russian 29 Apr 95 Weekend Edition p 3

[Article by Mikhail Gurevich: "Self-Publicity: Feel the Difference"]

[FBIS Translated Text] In the total flow of information coming at us from newspaper pages and television screens advertising takes up practically the same space as the "main" news programs.

Some particularly gifted advertising campaigns have resulted not only in new series of jokes but also in thousands-strong rallies of hoodwinked investors, who have already managed to found as many as three parties, and in court cases. And yet the attitude of the broad masses and of many researchers to the "engine of trade" remains extremely lightweight. Of this kind: How many men did the "real" Marina Sergeyevna have, which tea should be used to seal the purchase of supposedly valuable papers, or from which movie did shrewd makers of advertisements insolently lift shots or a tune?

What we are interested in now, however, is not the ups and downs surrounding cigarettes, shares, and detergents. For a living commodity can also be advertised—politicians.

In just a few months' time all the Russian mass media will start relaying an inexorable flood of election programs, grand promises, and campaigning for diverse blocs and individuals.

What is to be done with this entire commodity?

In recent times we have probably seen just two real political campaigns. Both were in 1993.

The first took place in the spring, when the press showed considerable inventiveness in popularizing the celebrated "Yes-yes-no-yes" formula. The Ostankino television channel, headed at that time by Vyacheslav Bragin, was the most original and literate.

The second, larger-scale campaign took up half the fall and the beginning of December. The elections to the Federal Assembly demonstrated still more clearly the power of television in the political competition. For the LDPR [Liberal Democratic Party of Russia], which defeated everyone, was considered one of the outsiders at the start of the contest. But, after gaining access to the airwaves and showering viewers with numerous promises, it was able to surge dramatically ahead.

Incidentally, about the promises.

At one of the "roundtables" devoted to advertising, one of the chief editors remarked sadly. "We could all be put in jail. During the election period we printed all the politicians' statements and all their speeches, but not one election promise has been fulfilled."

Indeed, vodka is no cheaper, every Russian woman has not gotten a husband, no one has restored the "unified, mighty Soviet Union," no one has done away with corruption, and somehow the "golden age" has not come about at all.

All right, let journalists not be anxious. But, after all, the politicians also have not answered for, to put it mildly, their fantasies.

All because there is no law.

The draft Russian law on advertising has still not gotten to a second reading in the State Duma. There is hope that the deputies will get around to it in May. But neither the draft under consideration by the Duma, which was prepared by the Russian Federation State Committee for Antimonopoly Policy and Support for New Economic Structures, nor the rejected alternative drafts (one was drawn up by the Duma Committee for Information Policy and Communications with due regard for comments by the Committee for Economic Policy, the other by the Association of Advertising Agencies) said anything about political advertising.

Rather, there are, nonetheless, a couple of words. It is stated everywhere that this law does not extend to political advertising.

Clearly, it does not extend to it. How can a law extend to something that has not even been defined? If specialists are still arguing over the definition "simply of advertising" and cannot reach agreement on whether it should be considered part of business, an art form, psychological influence, or paid information, is it any wonder that a clear definition of "political advertising" has not been worked out?

There are, however, working formulas. Here, for example, is one of them: "The advancement and dissemination of information about political parties and politicians."

Since our country is, unfortunately, experiencing a permanent election syndrome, the aforementioned "advancement and dissemination" have become a never-ending cycle, like sunlight or precipitation. See for yourselves.

All sorts of congresses, conferences, and rallies no longer have enough time at the weekend. Party measures have spread to all the days of the week, and election postulates and appeals for votes are heard on some channel every

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hour. Or else the faces of the leaders and their associates are simply shown—which in itself is also advertising. Any politician knows how much a 10-second appearance in a news program on the air costs in dollars.

But take the following option, say. An election campaign is under way, and a politician participating in it, who at the same time holds an official post, is engaged in a planned event. For example, a minister greets a football team. Or a mayor opens a sausage plant. Who received more publicity—the plant or the mayor? And yet this was an ordinary part of a news program.

Comrade Zyuganov recently defended a dissertation for a doctorate. Journalist friends did not fail to record this portentous event in the history of Russian science. The question arises: What if the competitor, who, incidentally, is a presidential candidate for the Communist Party of the Russian Federation, had delayed a little over completing his dissertation and had timed its defense to coincide exactly with the elections? Should the news programs not be taken off until the election marathon is over?

As is known, the symbols of the LDPR and the Russian Movement for Democratic Reforms are the falcon and the bull respectively. This is why the feathered predators of Moscow Zoo are under the patronage of one political organization, while the musk-oxen there come under a different one. What, are the cages to be opened for the duration of the elections? Is the musk-ox to be turned into meat?

Various political structures are constantly sponsoring all sorts of cultural and sporting actions. They have a totally iron defense—who would dare to stifle art?

But somebody must, nonetheless, control all these processes connected with the production and dissemination of political advertising.

The question is: Who and how?

Antimonopoly Committee staffers believe that Gaydar, Zyuganov, Zhirinovskiy, etc. are not "players on the commodity market." Consequently, the committee's oversight functions should not extend to them—the antimonopoly people will have enough with "ordinary," commercial advertising. Moreover, the word "propaganda" has been removed entirely from the draft law being examined by the Duma.

But Natalya Fonareva, deputy chairman of the State Committee for Antimonopoly Policy, shared her thoughts with ROSSIYSKAYA GAZETA's observer.

"Let us assume an election campaign is under way, and some statesman who participated successfully in the previous campaign has decided to run again. It would not be a bad thing to take his promises then and see what has been fulfilled and what has not. Julius Fucik made a rather scathing statement: 'Every swindler counts on the person to be deceived having a bad memory.'"

Yes, I would like to overcome the certainty of some "figures" that time will write off everything. Let jurists think about how to do this legislatively.

Natalya Fonareva believes that questions of an ethical nature are very important to political advertising, and here much that is practical can be gotten from the constitution, which prohibits, for example, the fanning of hatred on social, racial, ethnic, or religious grounds. From this it is possible to determine the postulates prohibiting such discrediting of rivals. The actual legislative norms on political advertising can be prescribed in the law on elections, for example. Or, since political advertising is not necessarily tied to an election campaign, some things can be pointed out in the law on parties and in the law on public associations.

Let us recall once again the last parliamentary elections. Right after the results were announced, Konstantin Borovoy, leader of the Party of Economic Freedom, declared that the impressive successes of Zhirinovskiy's party largely resulted from the hypnotic influence over the electorate of Anatoliy Kashpirovskiy, who ran on the LDPR list. Let us leave this interesting question to the physicians and other specialists, but any television viewer could see with his naked eye and hear with his naked ear that a considerable proportion of the aspirants' publicity broadcasts at that time were built on counterpublicity by rivals.

Mr. Yavlinskiy, for example, takes the floor and says: "Many people are criticizing the government now. I will not do so." He at once starts criticizing the government. For some reason half the blocs admitted to the contest spent the campaigning time granted them by law not on demonstrating their own merits but on expressing malice toward "Russia's Choice." The people joked: Whichever program you turn on, everywhere Volskiy is complaining about how he is being deprived of airtime."

The distribution of airtime will evidently be recorded in special documents of the Central Electoral Commission. But the main provisions of political advertising and restrictions on its volume and content can be regularized in a special electoral code.

Igor Yakovenko, deputy chairman of the State Duma Committee for Information Policy and Communications, also believes that the appropriate provisions can be enshrined in electoral legislation and in the laws on elections of the president, State Duma deputies, Federation Council deputies, and deputies of local organs of power of components of the Federation. At the same time these norms do not necessarily have to be absolutely identical in each of the laws.

But world practice on this question was worked out long ago.

There are, for example, innovations in Italian legislation. Restrictions on the amount of election broadcasting are

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imposed 30 days before an election. So Berlusconi can sleep soundly—his television channels will not help him.

It has to be thought that closer to the elections the situation with regard to the existence of political advertising within the framework of the law will be clarified.

I would like this to be as soon as possible. For enthusiasts waste no time. The elections have still not been announced, but advertising agencies are already working at full stretch, meeting orders from fishers for political happiness.

The aspirants themselves are not sitting with arms folded either. Zhirinovskiy gives his sonorous name to various strong drinks. Boris Fedorov sends the people congratulations on the New Year and on 8 March, enclosing a little calendar with his own portrait on it.

But what is there to be said, if posters from the last elections are still stuck on some walls in Moscow?

Agrarians Say New Blocs Not To Lessen Chances

LD0305114095 Moscow INTERFAX in English 1008 GMT 3 May 95

[FBIS Transcribed Text] MOSCOW, May 3 (Interfax)—Russia's Deputy Prime Minister Aleksandr Zaveryukha, one of the leaders of Russia's Agrarian party, believes that creation of two new political blocs of right- and left-centrist orientation headed by Viktor Chernomyrdin and Ivan Rybkin "does not lessen the chances of the candidates from the Agrarian party for success at the upcoming elections."

The participation of these powerful blocs in the pre-election race "will undoubtedly bring a serious element of stability," Zaveryukha declared to Interfax Wednesday. At the same time he noted that over three years the Agrarian party "has turned into the number two party in Russia, following the Communists, and at present it unites more than 250,000 people."

Zaveryukha underlined that the Russian agrarians "will come out at the elections as an independent election association and as a single front." The Agrarian party, Russia's Agrarian Union, and the largest trade union in the country of agricultural-industrial complex workers make up "its backbone."

Zaveryukha does not rule out the possibility of unification of this election bloc with the Association of Peasant Farms and Russia's agricultural cooperative societies, the Union of Russia's Land Owners, and workers of consumers' cooperative societies, water resources and forestry workers, fishermen, etc. In general the association of the Agrarian party relies on the support of the majority of those who live in the countryside who represent 38

of the country's population, Zaveryukha concluded.

Asked whether he plans to again run for candidate of the Federal Assembly deputies, Zaveryukha said that "for him this question still remains open." "But if the party deems it necessa[illegible]" he will participate in the elections but on the federal list of the Agrarian party and not in the composition of one of the new political blocs.

Chubays Chairs Sitting of Nonpayments Commission

LD0305121095 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 3 May 95

[From the "Novosti" newscast]

[FBIS Translated Text] Anatoliy Chubays, first deputy Russian prime minister, today chaired a sitting of the nonpayments commission. According to ITAR-TASS, one item on the agenda of the sitting, held behind closed doors, was a report by Yuriy Shafranik, minister of fuel and power engineering, concerning the results of the work done by a government commission of which he was head in the Maritime coal basin.

Yevgeniy Nazdratenko, head of the Maritime Kray's administration, was invited as a co-rapporteur on this subject.

Let me recall that when the recent Maritime Kray miners' strike was in full swing, Nazdratenko unexpectedly decided to go to London, which caused Anatoliy Chubays to criticize him severely.

Chubays' view is that the local administration failed to make proper efforts to settle the crisis in the region's coal mining industry. The government commission also scrutinized a mysterious deal, whereby Maritime Kray authorities purchased coal in Australia and China. The deal was concluded prior to the miners' strike and was a factor which, to a certain extent, gave rise to the strike.

Murder Case Said Indicative of Deputies' Abuses

MM0305143795 Moscow KOMSOMOLSKAYA PRAVDA in Russian 28 Apr-4 May 95 p 6

[Report by Kira Remneva and Dmitriy Babich: "Deputies, Do Not Kill! Ordinary Voter Kills His Wife Out of Jealousy of State Duma Member"]

[FBIS Translated Text] Bezhetsk—On the evening of 4 April Vladimir Aleksandrovich Bayunov, State Duma deputy and member of the Russian Federation Communist Party Central Committee, acting as secretly and as anonymously as possible, employing skills inherited from the underground Bolsheviks, stole at dusk into the apartment of a lady called N.M. Ivanova, who lived in a nondescript, standard five-floor block in the city of Bezhetsk—a modest industrial rayon center in Tver Oblast.

There was much talk among the 13,000-strong population of Bezhetsk about the relationship between Bayunov and Ivanova. The situation was complicated by

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the fact that the staunch communist Bayunov has a wife and two daughters and had built his entire election campaign in December 1993 on exposing the "cheating democrats" who, as is known, are only adept at showing naked girls on television. He, Bayanov, would take these troublemakers in hand when he got into power. Because he himself in everyday life was modest, was an excellent family man, former first secretary of the Bezhetskiy Party Rayon Committee, and now chairman of the "Druzhba" association of peasant farms, which only recently was called more accurately and correctly a kolkhoz. The entire Communist Party apparatus in Tver Oblast had done a magnificent job for Vladimir Aleksandrovich, ensuring that he received the votes of hundreds of thousands of ordinary people in Tver and a seat in the Duma.

The fate of Natalya Mikhaylovna Ivanova, who greeted Vladimir Aleksandrovich at the door of her modest apartment on Chekhov Street, was less pleasant. She had divorced her husband back in 1986, but there remained from the breakup of the family an 18-year-old son and a painful relationship with her former husband, Yuriy Ivanov, a driver at the "Meliator" technical servicing station, which refused to go away. Try as he might, Yuriy Vladimirovich was unable to stop loving the beautiful, graceful woman who had once been his wife. Naturally, he did not like it when Bayunov visited her, but no one could have imagined that this smoldering animosity between driver and politician might end in bloody tragedy. Ivanov was well thought of at the enterprise, he had no previous convictions, and no emotional dark side apparently either, aside from that fateful love which was a stake through his heart.

At around ten o'clock that evening Ivanov paid Natalya Mikhaylovna a surprise visit. He ran up to the second floor, wrenched open the door, and saw in the corner of the apartment... yes, you guessed it, the Duma communist deputy! God only knows what happened then among the three people. The conversation ended with Ivanov grabbing a long knife with a wooden handle and killing Natalya Mikhaylovna with one terrible blow. Then, the investigation established, the two rivals fled the scene of the crime. Neighbors called the police, and when they turned up all they found was a cold, blood-soaked corpse.

The next morning a grim-faced Ivanov appeared at the Bezhetsk City Internal Affairs Department: "Arrest me, I have killed someone." When Bayunov's part in the affair came to light, he refused to appear and be questioned by the investigator, saying that he was going on a "long official trip" right away. The Bezhetsk interrayon prosecutor's office investigator in charge of the case, Mikhail Fedorov, did not insist on the meeting: There is the matter of deputy's immunity, and he was much respected, apparently.... "Without talking with Bayunov we cannot even determine what part he is going to play in this case—witness, victim, accomplice, or whatever," the chief custodian of the rule of law in Bezhetsk, city prosecutor Viktor Zhegalov, complained to a KOMSOMOLSKAYA PRAVDA correspondent.

"Bayunov should have defended the woman he loved against this wild beast," Bezhetskiy Rayon administration chief Vladimir Platov believes. "And every decent citizen is obliged to cooperate with the investigation." Ivanova's son, overcome with grief following the death of his mother at his father's hands, was even more forthright about Bayunov, according to the neighbors: "I will kill him."

In America this incident would inevitably have led to Bayunov's resignation. Remember when U.S. presidential frontrunner Gary Hart was forced to drop out of the presidential race because of rumors about his relationship with a model. But nothing of the sort happened to Bayunov, of course. The horrific incident in Bezhetsk was not discussed either by the Communist faction or by the State Duma ethics commission. "How can I investigate it when Bayunov is a communist?" "Russia's Choice" deputy Mikhail Molostvov, the person on the State Duma Work Organization Committee responsible for deputies' ethics, understandably asked your KOMSOMOLSKAYA PRAVDA correspondent. "If I were to accuse him, everyone would immediately kick up a fuss, saying that I accused communists of everything and anything and protected democrats."

So, if you believe Molostvov, there is no ethics commission and, equally, there are no actual ethics in the State Duma. They tried to carpet Zhirinovskiy for banging the head of a deputy from his own faction, Vladimir Borzyuk, against a wall in a moment of anger, but nothing came of it. Meanwhile, according to him, Molostvov is constantly getting complaints from the precinct in the rayon where the Duma is located. Nearly every night there is a regular outrage in downtown Moscow: Some drunken deputies forced their way into a nearby Swedish bar. Because the deputies refused to pay to enter the bar, the security people would not let them in. So they summoned the police and told them: "We are deputies, we have immunity, and we have the right to go wherever we wish." When the police officers had the nerve to doubt whether there was an urgent state need for the deputies to investigate the Swedish bar they met with a hail of abuse from them.

Duma Chairman Ivan Rybkin passes on all complaints about the conduct of Duma deputies to Vladimir Bauer, chief of the State Duma Work Organization Committee. He, in turn, sends them to Molovtsov and they pile up on his desk waiting for future researchers into Russian parliamentarianism. "I have to admit that moral standards were higher in the old Supreme Soviet than they are in the State Duma. We never had domestic fights then," Molostvov lamented.

And all this goes totally unpunished, because the deputies have immunity. Not surprisingly, 16 crimes were committed by deputies of various levels in Tver Oblast

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last year. And although the Bezhetsk incident is not on this grim list, it is highly indicative.

Article Exposes 'Cossack' Leader as Gangster

MM0205123095 Moscow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 First Edition p 2

[Article by Vladimir Yanchenkov: "The Gangster With Red Stripes on His Pants: Head of Racket Gangs Impersonated a Cossack Hetman"]

[FBIS Translated Text] **Information from the file:**

"Filin, Mikhail Viktorovich, former staffer of Moscow Special-Purpose Militia Detachment [OMON], tried for unlawful possession of weapons. Former boxer. Associated with the Solntsevo criminal group. Carries a Cossack colonel's identity card No. vk 001 dated 12.04.94. Declares himself chief hetman of the 'Cossack Brotherhood' society."

Once out of jail, the former miltiaman and boxer did not rack his brains for long about further survival. By then the winds of democratic changes had fully swelled the sails of the movement for a revival of the Russian Cossacks, at the same time inevitably muddying the waters of that noble idea. Filin at once appraised the opportunities that were opening up before him. Possessed of exceptional energy and the support of criminal structures, within a short time he set up and duly registered a society under the pretentious name of "Cossack Brotherhood." And he did that not somewhere on the Don or in the Kuban, but right in the vicinity of Belokamennaya in Moscow Oblast's Dmitrovskiy Rayon.

The die, as they say, was cast.... Soon some 250 "Cossacks"—cornets, sotniks, and esauls, albeit many of them, oddly enough, sporting Armenian or Chechen surnames—assembled under the enterprising hetman's colors.

Filin's boys performed their first "feat" under the leadership of their hetman on 15 April 1994 in the city market of Dmitrov. In a bold raid they smashed the stalls to bits, scattered the apples and the pears, and brutally beat up the innocent traders from sunny Azerbaijan. At the same time, peddlers from Ukraine and Belarus were given a going-over, too. Hetman Filin personally gave an example of brutality and ruthlessness in that massacre "for the glory of Russian patriotism."

Naturally the defenders of law and order who rushed to the battlefield dispersed the vicious hooligans with the red pant stripes, and the hooligans' leader was duly put in jail.

And there and then something strange began to happen. At once, highly-placed envoys started visiting the rayon police department to intercede.

Excerpt from the report:

"A campaign was undertaken to get Filin released from the preliminary detention cell. There were visits from an unknown individual in a lieutenant general's uniform calling himself Vladimir Alekseyevich Pozharskiy. There were visits from Sergey Petrovich Kustovoy and A.A. Novokreshchenykh, who called themselves representatives of the Russian Presidential Staff. A police lieutenant colonel, Petrovskiy, came from the Moscow Internal Affairs Main Administration."

But the main blow to the Dmitrov police force's best intentions to punish the hooligan was dealt by an authentic official document addressed to V. Menshov, head of the Dmitrovskiy Rayon Internal Affairs Department of the Moscow police, sporting a round seal and the signature of V. Pryamukhin, head of the secretariat of the Russian Federation Presidential Staff (now assistant head of the Presidential Staff).

I cite it in its entirety:

"Esteemed Valeriy Vasilyevich!

"The Russian Federation Presidential Staff works constantly for the consolidation of the Cossacks and expansion of mutual cooperation between Cossack subunits and the law-enforcement organs of Moscow and other Russian regions. We have received much help in this work from Mikhail Viktorovich Filin, chief hetman of the 'Cossack Brotherhood' union, whom we know from our joint work as a serious and responsible person.

"In our view, the incident at the Dmitrov city market on 15 April this year, in which M.V. Filin was involved, appears to be an unfortunate misunderstanding, which does not reflect that man's true nature. M.V. Filin's misdemeanor was subjected to stern and principled criticism during a discussion at the Council of Hetmans which was attended by representatives of the Russian Federation Presidential Staff. The Council of Hetmans pointed out sternly to M.V. Filin that any repetition of incidents of this kind would be intolerable.

"On the basis of the above considerations, and also taking into account the fact that the activity of the 'Cossack Brotherhood' society led by M.V. Filin contributes to the strengthening of stability and law and order, the Presidential Staff appeals to you to adopt a lenient attitude to the misdemeanor committed by M.V. Filin, who has promised that there will be no further actions of this kind on his part."

...Filin walked free from the preliminary detention room a hero. The law-enforcement organs of Dmitrov and the ringleaders of various criminal groups ended up with their tails between their legs: Why, Filin is indeed unassailable, just look at his connections! And Filin himself became even more insolent, now convinced of his impunity.

So how, after what had happened, did Filin begin to "contribute to the strengthening of stability and law and order"?

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Account by Police Major General Aleksandr Kartashev, head of the Moscow Oblast Administration Main Internal Affairs Administration regional directorate for combating organized crime:

"We have amassed a great number of facts relating to the unlawful activities of Filin and his team of so-called Cossacks. Officially, he runs two security agencies, one in Dmitrov, the other in Moscow. But in actual fact these are regular gangs which engage in extortion from commercial organizations, that is, in the most flagrant racket. Sixty percent of Filin's 'Cossacks' have had convictions under common criminal provisions; he has virtually incorporated in his organization almost all of Dmitrov's criminal groups, and today he exercises an exclusive reign of terror over the city. He takes part in various gangland fights, in which four people died last year alone.

"The point is that the population of Dmitrov is so intimidated and terrorized by Filin and his companions that it is incredibly difficult to collect the necessary testimony from witnesses. Nevertheless, we had set up outside surveillance of Filin's home and were preparing to apprehend him...."

...An unexpected incident accelerated the course of events. On the night of 23 March an explosion was heard in the yard of Filin's detached residence on the Dedenevo estate (a regular fortress with a high, impenetrable fence, numerous searchlights, and permanent armed guard). The owner's favorite wolfhound was killed. Filin and his guardsmen threw themselves into seeking out the organizers of the explosion. In the morning one Lubenkov, the ringleader of a protection agency in competition with Filin, was shot dead at point- blank range by an assassin with a machine gun. The mutual hostility between Filin and Lubenkov was common knowledge.

In their search for the perpetrators of the explosion, Filin and his companions attacked a passenger vehicle parked close to his home, inside which was the outside surveillance group consisting of three police officers, including one woman. The officers were dragged from the vehicle, tied up and beaten up, had their police identity cards and a machine gun taken away, and were thrown, handcuffed, into a cellar. Then they were bundled into a car and taken to the nearest wood, presumably to be killed. At any rate, Police Colonel Pankratov, who was in command of the assault group which managed to get to the scene in time, maintains that one of the hetman's bodyguards, Stolbov, had promised such punishment to the police officers taken hostage.

On the same day in Moscow a group made up of seven of Filin's "Cossacks" was apprehended while attempting to extort $90,000.

So who is he really, this Hetman Filin? The police are unanimous in their view: a gangster and inveterate racketeer who dresses up in a Cossack uniform. A typical criminal.

According to Vladimir Naumov, field hetman of the Union of Cossacks in Russia, Filin's profile appears more complex and more sinister.

"It is all very strange.... On 15 April 1994, Filin "blows his cover" in the Dmitrov market, and on 5 May of the same year he is seen among Rutskoy's closest entourage. Truth to tell, there is nothing surprising in that: Filin was an active defender of the White House, and was a member of General Achalov's retinue.

"Filin went along with General Makashov to fight in the Dnestr region. Also with the general, he attended a reception given by the Belarusian President Lukashenka, and after that proclaimed himself the chief Cossack hetman of all Belarus."

...So for more than a month now the gangster hetman and his partners in crime have been locked up under guard in preliminary detention cells. Investigation is under way. But the leaders of the law-enforcement organs are never free from anxiety: Supposing that, yet again, the figures of interceding generals loom on the police horizon, or, worse still, supposing another document flutters down from the very top like a magic wand....

Media Issues

Filatov Addresses Journalists' Congress

MM0205124595 Moscow ROSSIYSKIYE VESTI in Russian 29 Apr 95 p 3

[Unattributed account of speech delivered 28 April by Sergey Filatov, leader of the Russian Federation president's staff, at the fourth Russian Journalists' Congress: "Whatever the Level of Maturity of Society, the Authorities' Level of Maturity Is the Same"]

[FBIS Translated Text] Sufficiently powerful interest groups have taken shape in Russian society linking their future with the country's democratic development, including a free press. The present situation in Russian society could be accurately described by the words "anxious expectations." There is a lack of confidence in the stability of the processes taking place and everyone is waiting for something and as a rule something bad. And that expectation gives rise to constantly circulating rumors about a coup d'etat that is being prepared, about the postponement of the elections, or the introduction of martial law which fill today's Russian printed and electronic press.

You can spend as long as you like convincingly refuting the rumors and stories but those who create and consume them are least inclined to accept calm, analytical, balanced information. They expect great upheavals, they are crazed by these great upheavals and see corresponding signs in everything which comes before their eyes.

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Understandably these "anxious expectations" create a specific climate of universal distrust in which the tree of social accord cannot grow. For that a special atmosphere is needed in society—an atmosphere of trust and understanding.

In this situation the role of journalists and the role of the mass media is extraordinarily great. When everything is stable and predictable in society, when the lives of the majority of people proceed according to rules set once and for all, then television, the press, and radio most often act as media of entertainment and the slaking of abstract curiosity. But in a society in which everyone lives in expectation of changes every minute the possession of prompt and accurate information become a vital necessity for the majority of people.

The authorities and the free press for our country are a sphere of absolutely new relations. We know well how these relations were built in the Soviet period. The authorities' a priori distrust in a free press and the press' distrust of the authorities as an institution irrespective of its essence—that is also from the past. There is no experience of building partnership relations between them. There is no tradition of that kind. But there is the tradition of "total distrust," of seeking an "enemy."

The traditional Russian idealism, exaggerated expectations of anything new, and our traditional impatience also have an effect. We would like to move immediately from the conditions of real socialism to conditions of a civilized market and a mature democracy and to have a fitting living standard. But what has happened is what was predicted on the basis of the legacy left to us from the communist past. It seems to many people that it is all a matter of the authorities and their lack of ability, corruption, and immorality. The authorities are just what is produced from society. Whatever the level of maturity of society the authorities' level of maturity is the same. That, incidentally, affects the press too, since we are dealing with a closed system.

But it is not only a question of complex relations between the authorities and the press. It is also a question of the style which was asserted a while ago in a considerable part of the mass media. Dirty tricks, ridiculing anything and everything, nihilism, the fueling of feelings of imminent disaster and a sense of futility are very dangerous in their consequences.

Western researchers have long been analyzing the manner of conduct of the press in transitional societies of various continents, primarily in the countries which have achieved the greatest progress. They have concluded that in those countries criticism is subordinate to the aim of society's survival, the attainment of political and economic stability and national integration and so forth. But in Russia, in their opinion, everything often happens in the opposite way.

The discrediting of state institutions is also not without danger. By depicting the state apparatus workers only in black shades and presenting them as utterly incompetent and corrupt—although all this and much else applies. What is lacking are those state employees, as a phenomenon, whom we would like to have. The state service institution is still only being created and it must be helped. Without sparing the power structures, including the organs of law and order, we are not promoting the cause of the reforms' advance or the struggle against organized crime and corruption. And here, understandably, it is not a case of leaving particular structures uncriticized. God forbid! The point is the measure of criticism. The point is its nature and purity. Because the reaction generated by criticism should not lead to malice or depression bust should help to achieve effective results. In fueling an atmosphere of nervousness, in sowing feelings of futility and imminent disaster in society we are merely aggravating the situation and people's suffering. Moreover, we are pushing them toward the thought that all troubles come from democracy, that it can do little, that "a strong arm" is needed which would finally introduce order.

What is the free press? Some people understand it as the "fourth power." And often that is understood not metaphorically as in countries with a developed democracy but literally, when matters sometimes reach the point where the "fourth power," beginning to vie with the other powers, is offered up as the supreme arbiter in the country. Thus we will again come to a diarchy or a multiple authority but the court and only the court is the supreme arbiter in disputes.

What is the thrust of the establishment of a free press? Is it only in its liberation from state diktat? Or is there still a danger that the state's diktat could be replaced by the "tutelage" of financial structures, including semicriminal and frankly criminal ones, and by the tyranny of cooperative and group interests?

What should relations between the authorities and the free press be like? And not in general but under the conditions of the transitional period burdened by incredible hardships when fragile Russian democracy could be the victim of aggression from the radical left and radical right forces. As I understand it here, as in relations between the different branches of power, what should prevail is not a mutual struggle but mutual opposition for the sake of resolving common tasks with a consideration for the specific features of the activity of each side and with a high degree of responsibility for the fate of the country, for our future, and for the future of our children and grandchildren.

Correspondents' Union Leaves International Group

LD0205134295 Moscow ITAR-TASS in English 1321 GMT 2 May 95

[By Tamara Ivanova]

[FBIS Transcribed Text] MOSCOW, May 2 (Itar-Tass)—The international confederation of correspondents' unions is vitally important for interaction of

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journalists throughout the former Soviet Union, confederation vice-president Vladimir Sukhomlinov told Itar-Tass here today. In his words, the confederation will continue working.

Sukhomlinov doubts the expediency of a roundtable meeting of heads of correspondents' unions from the Commonwealth member-states to be organized under Commonwealth consultative bodies.

He lamented over a decision of the fourth congress of the Russian Correspondents' Union to separate from the confederation but stressed that the congress resolution to pass all real estate of the former Union of Soviet Correspondents' located on Russian territory to the Russian Correspondents' Union was illegal.

He stated that the decision to separate from the confederation and obtain its property was taken without a congress discussion or consultations with confederation members. The vice-president thinks that this step "will somehow split the correspondents' movement on Eurasian space."

ITAR-TASS Journalist Refuses To Identify Source

MM0205125695 Moscow RABOCHAYA TRIBUNA in Russian 29 Apr 95 p 1

[Unattributed report under the "Latest News" rubric: "Listyev.... Investigators' Nervousness Is Understandable"]

[FBIS Translated Text] Yesterday the operational investigation group investigating the murder of Vladislav Listyev threatened an ITAR-TASS correspondent with sanctions up to and including criminal prosecution for refusing to identify his sources of information. The reporter, who had been summoned for questioning as a witness, had to remind the investigators of the provision of the Law "On the Press" under which a journalist can be obliged to reveal a source only by a court ruling.

Journalists Detained for 'Antisocial Conduct'

MM0205153195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Apr 95 pp 1, 2

[Report by Yevgeniy Smirnov and Sergey Chernykh under the "Reporting Details" rubric: "They Want To Teach Prison Slang to the Authors of MAT"]

[FBIS Translated Text] Dmitriy Bykov, chief correspondent of the newspaper SOBESEDNIK [Interlocutor], was called in for questioning at the 14th Precinct House on 26 April after returning to Moscow from an assignment. Two hours later he telephoned Deputy Chief Editor Andrey Dyatlov from there and reported that it looks as if "I'm going be kept here a long time." The reason for this was Bykov's involvement in the publication of a MAT supplement on 1 April overbrimming with taboo words.

Aleksandr Nikonov, editor of the supplement, was "seized" at the apartment of his wife Galina at 0600 hours yesterday. Neither detainee offered any resistance. Both men are charged under Article 206, Section Two, of the Criminal Code—deliberate antisocial conduct [khuliganstvo] carried out with particular cynicism and offensiveness. The penalty for this is not less than one year, but no more than five—which is, however, of little comfort.

We were told at the General Prosecutor's Office that the case has been referred to the Moscow (City) Prosecutor's Office.

Yesterday Moscow's Pen Club (Bitov, Vaksberg, Voznesenskiy, and others) sent a protest to the capital's law enforcement agencies. The protest cites the four articles of the Russian Federation Constitution under which the mass media can be punished, namely fomenting ethnic and religious strife and promoting war and racial superiority. Other activities are not punishable.

However, Nikonov and Bykov are going to be tried not as representatives of SOBESEDNIK or MAT, but as individuals who have engaged in antisocial conduct in a "deliberate and particularly cynical way."

At present SOBESEDNIK's editors are trying to get the public at large involved in the case. In a KOMSOMOLSKAYA PRAVDA interview Deputy Chief Editor Andrey Dyatlov said that the 1 April issue of MAT was a mere pretext and that the real reason for the law enforcement agents' move was the trenchant articles published on Emergency Situations Minister Sergey Shoygu and former Russian General Prosecutor Aleksey Kazannik.

The weekly's editors gave due warning to the readers of MAT. There were two warnings that children should not even be given sight of MAT. Moreover, the pages were littered with references to the classic works on bad language. The document prepared for the Prosecutor's Office by SOBESEDNIK lists in detail the books used in the preparation of the pages of bad language. You have here an English-Russian dictionary of taboo terms and euphemisms; the anthology Russian Bad Language (Russkiy Mat); the collection Allow Us to Entertain You (Razreshite Vas Poteshit) from Nikolay Starshinov's collection; Swearwords for Everyday (Gariki na Kazhdiy Den) by the well-known Igor Guberman; and, finally, The Four-Letter Word Book (Kh...ya Kniga) by Aleksandr Nikonov himself. Incidentally, that slim volume was, according to the arrested author's wife Galina, confiscated during the search. All these works can be freely bought at any kiosk.

A third malefactor, the well-know playwright Valeriy Frid, who also worked on the ill-starred MAT supplement, is at liberty for the time being. Logic would suggest that he will be picked up today. With, clearly, Guberman, Limonov, and another fifty foul-mouthed authors to follow. To the chagrin of the capital's moral zealots

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foul-mouthed individuals well known in Moscow—a certain Lev Tolstoy, Aleksandr Pushkin, and Vladimir Lenin also regularly took verbal liberties—cannot (for well-known reasons) have criminal proceedings instituted against them.

Military, Nuclear & Space Issues

Yeltsin Army Draft Law Compromise Viewed

MM0305100795 Moscow KOMMERSANT-DAILY in Russian 3 May 95 pp 1, 3

[Report by Ilya Bulavinov: "Generals Satisfied, Graduates Intact"]

[FBIS Translated Text] On Saturday Boris Yeltsin simultaneously signed the law "on the introduction of changes and additions to the law 'on military service obligation and military service'" and a related [motivirovannyy] edict on granting deferments to graduate students and house surgeons and also to graduates of vuzes [higher educational establishments] who go to work in state institutions immediately after completing their studies. Despite the fact that the chances of the adoption of the amendments on the eve of the election campaign initially seemed minimal the military, as KOMMERSANT DAILY surmised in its 14 April issue, have managed to get the changes they proposed through every official level. And it has so happened that the anger of the section of society involved (primarily the students) can be directed exclusively at the military themselves. But, understandably, their political situation is of little concern.

The Federation Council prudently and successfully avoided the procedure for examining the amendments. And although some deputies insisted on a discussion, Vladimir Shumeyko, with the aid of his bureaucratic skill, managed to avoid it. Initially because of the lack of a quorum the examination of amendments was transferred from 14 to 25 April and then the actual session of the upper chamber was moved to early May. And since the Constitution does not categorize the law on changing the draft procedure as one that must be examined by the upper chamber, two weeks after the senators received the law adopted by the Duma, that is 25 April, it was automatically deemed to have been adopted by the Federation Council and with Shumeyko's signature was sent to the president's office. This outcome could only gratify the chamber's deputies: The majority could not fail to vote for the unpopular amendments, even at the risk of incurring the utter displeasure of the electorate for doing so. But it would be futile to complain about the Duma—the military were supported by those who gamble on the patriotically minded voters and, of course, the military, that is the Communists, Agrarian Party members, and the Liberal Democratic Party of Russia [LDPR].

The president found himself in a delicate position. If he did not sign that would mean seriously offending the military who subdued Chechnya for him and in general under Pavel Grachev's leadership have invariably helped him in emergencies. To sign would mean reducing his already low popularity rating among the population. All this compelled Yeltsin (and KOMMERSANT DAILY has written about this) to take only the following course of action: to sign the law but to accompany it by a whole series of exemptions substantially emasculating the thrust of the Duma version. He was left with the possibility of giving a deferment to graduate students and workers in state institutions.

Back on 7 April a high-ranking spokesman for the General Staff main organizational and mobilization directorate told a KOMMERSANT DAILY correspondent that the list of "deferred draftees" could be expanded to include graduate students (KOMMERSANT DAILY 8 April) After the law's adoption this could be done by one means only, by a presidential related edict in accordance with article 21 of the law "on military service obligation and military service." It is obvious that the military's concern for scientific potential could have been (but was not) displayed earlier—when the draft law was being compiled.

But now Yeltsin's position is unassailable. On the one hand he has done everything to remove the military's concern. On the other he has provided indulgences for draftees and has shown concern for science and state service, whose popularity is steadily declining. Now the number of those anxious to become graduate students and join state institutions (for instance for teaching work, where there is a shortage of men) will inevitably rise. Especially as a deferment is granted to "those who take up work in their special field in state institutions, organizations, and enterprises working a full working day for the entire period of this work." So that a vuz graduate could completely avoid military service by working in a state organization until he reaches the age of 28.

Commenting on Yeltsin's signing of the amendments, his aide Yuriy Baturin noted that even a few days ago the president was in general inclined not to sign the law. But if this assertion is true then one cannot understand why the edict on the next draft and the release of draftees was signed by the president a month late—according to law the spring draft should have begun back 1 April.

Rising Number of Draftees Claiming Deferment

MM0205150895 Moscow RABOCHAYA TRIBUNA in Russian 29 Apr 95 p 1

[Unattributed report under the "Latest News" rubric: "The Guys Are Not Desperate To Join the Army. Wimps...."]

[FBIS Translated Text] Yesterday's session of Moscow Military District Military Council considered problems of drafting citizens for military service in 1994 and the tasks for 1995.

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According to Leonid Zolotov, one of the draft campaign's problems is the increase in the number of citizens being exempted from the draft. Thus, while 57 percent of draftees took advantage of various deferments in 1989, the number was 77 percent in 1994.

New 'Technological Base' Program Described

MM0305083695 Moscow KRASNAYA ZVEZDA in Russian 29 Apr 95 p 4

[Report by Aleksandr Yegorov: "'National Technological Base'"]

[FBIS Translated Text] The new federal program, the draft of which was discussed last Tuesday [25 April] by the Russian Federation State Committee for Defense Sectors of Industry [Goskomoboronprom] Scientific and Technical Council, is called the "National Technological Base" program.

Representatives of all interested ministries and departments took part in the council's work: the Defense Ministry, the Ministry of Atomic Energy, the Russian Committee for Machine Building, the Russian Space Agency, the Russian Academy of Sciences, the Ministry of Science and Technology Policy, the Russian Federation Committee for the Chemical and Petrochemical Industry, the Committee for Metallurgy, etc.

Goskomoboronprom First Deputy Chairman Yuriy Glybin said in his introductory address that the main aim of the program is to preserve and develop Russia's technological base, which can ensure the development and production of competitive science-intensive output in the interests of resolving the top-priority tasks of the country's socioeconomic development and national security.

The program envisages carrying out comprehensive research and development work into base technologies in spheres of critical importance for the country's national policy. These include information technologies, technologies based on new materials, microelectronics, nanoelectronics, optical electronics, laser and radioelectronic technologies, power generation and energy saving, advanced engines, highly productive industrial equipment, special chemicals, energy-intensive materials, unique nuclear technologies, biotechnologies, and environmentally safe technologies.

The implementation of the program will make it possible to overcome the dangerous lag that has developed over the past few years in a number of highly important technological areas and will ultimately create the conditions for the development of competitive science-intensive output in the sphere of modern technical systems (air, sea, and ground transport, communications and utility systems, space technology, medical equipment, etc.), which by and large guarantees the technological aspects of the country's security. Thus creating the scientific and technological foundations for a radical change in the export structure toward a science-intensive end product with the proportion of that output rising by a factor of three to five.

In the opinion of the people developing the program, the implementation of the program in respect of dual-purpose technologies will "gear" military expenditure to developing the scientific and technical groundwork and will make it possible to focus efforts on developing what are purely military technologies with a view to dramatically boosting the functional potential of promising arms systems.

The plan is to fund the "National Technological Base" Federal Program by reallocating the funds envisaged in various sections of the budget and extrabudgetary funds. "In particular, in 1995," the Goskomoboronprom press release says, "around 1.5 trillion rubles [R] could be allocated for that purpose, including R1.15 rubles in federal budget funds. In the future the intention is to assign a separate section of the budget to fund the program and give it the status of a presidential program."

The people drawing up the program estimate that funding levels through the year 2005 (at prices current during the first quarter of 1995) will be as follows: 1996-1997 R7,301 trillion; 1996-2000 R18,982 trillion; 2001-2005—R18,982 trillion.

Submarine Design Center's Conversion Plan Noted

MM0205150795 Moscow Russian Television Network in Russian 1900 GMT 24 Apr 95

[From the "Vesti" newscast: Video report from St. Petersburg's "Rubin" Marine Technology Design Bureau by M. Velikoselskiy, identified by caption]

[FBIS Translated Text] [Velikoselskiy over video of submarine models, presentation ceremony at "Rubin" Central Design Bureau] This is the "Rubin" Marine Technology Central Design Bureau. Russia's submarine fleet was designed here. At the beginning of the century it was diesel submarines and toward the end nuclear-powered missile-carrying submarines. The unique Komsomolets nuclear submarine, which now rests on the Arctic seabed, was also designed here. Several scientists and specialists at the "Rubin" Design Bureau have been awarded orders and medals for courage and heroism displayed during investigations of the sunken submarine. In connection with this event journalists were invited to visit this top-secret design bureau. Admittedly they were briefed only on the design bureau's conversion projects. The pride and joy of the "Rubin" staffers is a supertrain for the Moscow-St. Petersburg high-speed rail link. Until recently it was believed that Russia was not capable of building such a train on its own. Other projects include exotic underwater restaurants and tourist liners, systems for environmental cleaning up of

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mooring lines, drilling equipment for oil and gas extraction in northern seas, and the world's safest underground nuclear power stations. These projects make it possible for the "Rubin" not just to survive in conditions of conversion, they also enable it to fund its main work—the development of new submarines for the Russian Navy. [video shows journalists attending presentation ceremony at "Rubin" Design Bureau, models and wall-charts depicting output, glimpses of conversion projects, including aforementioned high-speed train]

Submarines Could Ship Gas Under Arctic Ice

MM0305095995 Moscow ROSSIYSKAYA GAZETA in Russian 29 Apr 95 Weekend Edition p 6

[Report by Nikolay Dudnikov: "Submarine To Become Tanker?"]

[FBIS Translated Text] Salekhard—Yu. Neyelov, head of Yamal-Nenets Autonomous Okrug Administration, proposes to "reforge" nuclear submarines into "gas tankers."

The administration head set out his fantastic plan in a letter to the commander of the Navy. Neyelov complains that the services of nuclear-powered icebreakers (by which most freight is currently delivered to Yamal) have started to become inordinately expensive. "Gazprom" Russian joint-stock company enterprises, which are developing gas deposits on the peninsula, need cheaper transport resources. It is much easier to get through steaithily under the ice than to force a way through the frozen water.

It is relatively easy to load a submarine with gas industry and geological equipment. The beauty of Neyelov's proposal lies elsewhere. Having consulted with leaders of local enterprises and Northern Fleet experts, the administration head is proposing to use the same method to transport gas condensate to the mainland! To do this the submarines have to be refitted as submarine tankers.

While 15-20 years ago such projects were only just being contemplated, today they seem entirely feasible. Moreover, the administration head believes that both sides benefit: If they do not have to resort to the services of nuclear-powered icebreakers, the gas industry workers will be able to implement their grand plans to explore Yamal at less expense. The Navy will earn money to repair old ships and build new ones.

Nizhniy Novgorod Plan To Boost Defense Industry

MM0205133395 Moscow KRASNAYA ZVEZDA in Russian 29 Apr 95 p 4

[Report by Andrey Garavskiy: "Nizhniy Novgorod Experiment. Territorial Production Zones: Remedy for the Crisis?"]

[FBIS Translated Text] A summing up of the results of conversion programs at Nizhniy Novgorod Oblast's defense industry enterprises in 1994 has shown once again that a critical situation has developed there. Whereas industrial production in 1993 fell by 4.8 percent, in 1994 it fell by 28.2 percent. Eight enterprises have ended up operating totally at a loss based on the results of their production and economic activity, while the court of arbitration has appointed outside management at three enterprises—the "Lazur" Joint-Stock Company, the "Salyut" Science and Production Enterprise, and Kstovo's "Agat" Plant. It has become clear that the enterprises have experienced difficulties mainly in selling civilian output.

The Nizhniy Novgorod Oblast Administration has decided to seek a solution in a nontraditional way. It has suggested to the Russian Government that territorial production zones [TPZ's] be set up at loss-making enterprises. The government has backed this initiative.

Initially the zones will be set up at three enterprises, namely the Sormovskiy "Lazur" Open-Type Joint-Stock Company, the G.I. Petrovskiy Plant Open-Type Joint-Stock Company, and the "Salyut" Science and Production Enterprise. All these enterprises belong to various sectors: "Lazur" is part of the radio industry, the "Petrovskiy Plant" is involved in shipbuilding, and "Salyut" is part of the electronics industry. The defense order at the first plant is equivalent to zero, while it does not top 20 percent at the other two.

According to Vladimir Bessarabov, chief of the Nizhniy Novgorod Oblast Administration Directorate for Conversion and Military- Industrial Questions, the main idea of the TPZ's is to ensure tax- free production activity at inefficient defense industry enterprises (hereinafter base enterprises) for a set period and on agreed terms. Participants in the zones enjoy many privileges: provision of an annual investment tax credit for five years (redemption in accordance with the Russian Federation Law "On Investment Tax Credit"), exemption from tax payments to the oblast and local budgets, and reduced rents payable at the local municipal rate. They also still have the possibility of purchasing in the future the sites and capacities at which they are operating. So-called free depots will also be organized in TPZ's where no customs clearance charges are payable and the actual clearance procedure itself is considerably simplified.

Enterprises engaged in all kinds of production activity save brokerage will be given the right to operate in the zones by way of tender. To ensure that there is no abuse or "shady" dealings in the TPZ's the Nizhniy Novgorod administration has formulated and adopted a package of normative documents and a Coordinating Council has been set up to regulate the zones' activity. It is headed by Oblast Vice Governor Vasiliy Shupyro. The administrators of TPZ's are mandatory members of the council. It

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also comprises bankers, the directors of the base enterprises, representatives of the administration, the legislative assembly, the antimonopoly committee, the finance department, the tax inspectorate, and many others besides.

Outside participants in the zones must invest money and find jobs for people from the base enterprise. In a word, favorable conditions are created for all participants in the TPZ's. The base enterprises have a real chance of breaking the economic deadlock with the least possible losses, while the outside participants have an opportunity to work in an attractive tax-free environment.

Experiments are all very well and it is too early to predict the results. But the idea alone behind this experiment—namely to preserve the production capacities and technological level of the military-industrial complex's loss-making enterprises and retain high-class defense-industry specialists—inspires hopes of success.

Report Cites Debate on Future of Su-34 Bomber

MM0305085795 Moscow KRASNAYA ZVEZDA in Russian 29 Apr 95 p 5

[Report by Major Sergey Babichev: "Su-34: Taking Off for the Future. 'Made in Russia' Still Denotes Quality in the World Aviation Industry"—from the "Russian Weapons" section]

[FBIS Translated Text] A conference was held 14 April at the Novosibirsk Aviation Production Association in which leaders of the Russian Federation State Committee for Defense Sectors of Industry [Goskomoboronprom], the Air Force command, leading aviation design bureaus, and industrial enterprises took part. It discussed the future of the Su-34 front-line bomber.

Commenting on the results of the conference, Colonel General of Aviation Petr Deynekin, Air Force commander in chief, stressed that this aircraft embodies the best achievements of the world aviation industry.

Its supreme performance, two reliable engines, and "range" of modern air weapons—high-precision laser-guided missiles, teleguided and heat-seeking missiles, and heavy cannon armaments—midair refueling system, and state-of-the-art navigation equipment convincingly indicate the Su-34's supreme competitiveness.

Igor Votintsev, a test pilot at the "Sukhoy Design Bureau" Aviation Science-and-Production Complex, and Yevgeniy Rudakas, his colleague from Novosibirsk's V.P. Chkalov Plant, demonstrated a range of expert aerobatics involving the Su-34 in the spring Siberian skies. Each of the previous 120 flights confirms the aircraft's viability. They were all part of the official test program.

The Air Force sees the development of the Su-34 as a top priority.

"The state of the aviation industry is a sensitive means of gauging any state's level of development since it 'skims off the cream' of the state's achievements in chemistry, physical metallurgy, optics, astronomy, aerodynamics, and other science-intensive sectors," Russian Goskomoboronprom Chairman Viktor Glukhikh pointed out. "By accumulating all this potential in aircraft, aviation is the motive force of the country's scientific and technical progress. That is why the program for the development of the Su-34 must be a national priority."

In terms of its scientific and technical level this aircraft is a landmark. The design of the Su-34 can act as the base for the development of front-line reconnaissance aircraft and jamming aircraft. The development of a bombing-navigation system, based on advanced computer architecture using a multiplex information exchange channel, enables the system's potential to be "gradually" built up in the future and adapted to enable new attack systems to perform their mission. The actual ideology behind the development of an automated ECM system is the basis for the subsequent development of similar unified systems.

The Su-34 program is costly but the money for it must be found. The question is an acute one—should Russia have modern military aircraft or not, will we fly new aircraft or will we pull the old ones out of storage and revive them? As far as the Air Force is concerned funding for the project comes under two sections: experimental-design work and the development of experimental prototypes. However, experience shows that the Air Force's efforts on their own are not enough to perform the task of successfully completing the work. The new aviation technology is not only being developed for "internal" Air Force consumption. It represents the framework around which the striking power of an aviation group in any military operation is built up. Consequently the implementation of programs like the Su-34 should be a matter of state.

As for internal reserves the conference discussed inter alia the rational use of the finance that has already been allocated. Thus, for instance, when examining the list of measures that need to be carried out during joint state tests the Air Force High Command suggested that the amount of full-scale work be reduced in order to rehearse as many of the main tasks as possible at half-size test beds and use the results of computer modeling.

....Mikhail Simonov, the general designer at the "Sukhoy Design Bureau" Aviation Science-and-Production Complex, who was at the plant's airfield, said that it is hard for him to make an objective assessment of his own baby and he advised me to ask the test pilots.

"This is a Russian wonder," Yevgeniy Rudakas said. "And the faster the aircraft takes up its fitting place in the Russian Air Force, the better."

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Stealth-Detecting Radar Producer on Sales, Exports

MM0305143695 Moscow Russian Television Network in Russian 0940 GMT 14 Apr 95

[From the "Nauka i Tekhnika" program: Video report by Sergey Tibilov, chief designer of the Nizhniy Novgorod NITEL Joint-Stock Company, identified by caption]

[FBIS Translated Text] [Tibilov to camera against backdrop of mobile radar units] From the outset the [radar] order was a Ministry of Defense order. Development and production of radar units began at our plant after the war. At the moment they form the backbone of all air defense systems in the Russian Army, just as in the past they formed the backbone of all air defense systems in the USSR.

Traditionally we use the meter band [metrovyy diapazon] in the production of these radars. This band offers certain advantages. A whole range of these advantages has become particularly important in recent years. I would cite as the prime advantage the ability of these radars to detect aircraft using Stealth technology—that is, what is known as "invisible" aircraft. This is a quality, so to speak, of the meter band. These radars are also more efficient, relatively more efficient compared with other wave-band radars, in detecting small-dimension targets—i.e. high-precision weapons, cruise missiles, and other small-dimension targets.

These radars are least affected, so to speak, by electronic countermeasures by your opponent. In order to organize effective electronic countermeasures against such radars, the opponent has to have relatively big antennas. This is fraught with specific engineering problems from the viewpoint of the installation of these systems on aircraft and missiles and even on the ground.

According to our information, to date these radars are least vulnerable to antiradiation missiles. The reason is the same. In order to build a precisely aligned antenna in our relatively long wave band a fairly big antenna is needed. To install this on a missile is a relatively difficult engineering task. Therefore, according to our information, the potential enemy at the moment has no high-precision missiles self-homing on radiation in this wave band. These are the reasons which enable us to claim that these radars at the moment offer important advantages over other radar systems.

Various generations of meter-band radars account for more than 70 percent of total army radar equipment. Admittedly this stock requires constant updating, because otherwise it grows old and obsolete. In my opinion, in view of the qualities of our radars there is no alternative to them at the moment. This is why we view the future with optimism as regards both attracting orders and conquering the foreign market with these radars. I must say that there are hundreds of these radars out there already. We are concluding contracts at the moment, and we have good prospects for concluding contracts in the future. In my opinion all this is due to the range of qualities of our radars. [video shows Tibilov against backdrop of a row of mobile radar units with occasional closeups of the radars]

Update on Activities of Mir Cosmonauts

LD0305110395 Moscow ITAR-TASS in English 1047 GMT 3 May 95

[FBIS Transcribed Text] MISSION CONTROL CENTRE, May 3 (Itar-Tass)—Russian cosmonauts Vladimir Dezhurov and Gennadiy Strekalov and U.S. astronaut Norman Thagard carry on research and experiments on board the orbital complex Mir.

Under the extra-atmospheric astronomy programme, they continued experiments with the use of telescopes of the International Orbital Observatory Roentgen and the X-ray spectrometer Buket.

A three-weeks-long biological experiment, which was conducted with a view to studying the development of birds' embryos in space flight conditions, has been completed on Incubator installation. The embryos, fixated at various stages of development, are to be delivered back to earth for laboratory research.

Wednesday's programme includes medical monitoring experiments, a check-up of the Crystalliser process plant, the technical servicing of the equipment and instrumentation of the orbital complex.

Under the astrophysicial research programme, the cosmonauts are to carry out two working sessions by means of the magnetic spectrometer Maria to glean scientific data on the interaction between the fluxes of high-energy particles and the traditional belts of the earth.

According to crew reports, the flight is proceeding normally. The Mir crew are feeling well.

Mir Mission Focus Shifts to Joint U.S. Exploration

MM0305112595 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 25 Apr 95

[From the "Vremya" newscast: Video report from Zvezdnyy by Vladimir Polozhentsev, identified by caption]

[FBIS Translated Text] [Polozhentsev over video of Russian-German space crew being interviewed] Today in Zvezdnyy journalists had the chance to meet with the international crew of the 20th main space mission. Crew commander Yuriy Gidzenko, flight engineer Sergey Avdeyev, and German citizen Thomas Reiter, representing the European Space Agency [ESA] will go into space at the end of August aboard the Soyuz TM-22 spacecraft.

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Thomas Reiter, 36, will be the first foreign astronaut to spend four months aboard the Mir station, thereby setting a record. Several space walks and a range of medical and astrophysical experiments in the interests of Russia and some West European countries are planned during the flight. Incidentally, this program could be the last joint work with the ESA. The treaty for further cooperation has not been extended for the time being. Instead, all attention is now focused on Russian-American space experiments.

[Polozhentsev addressing cosmonaut training official over video of space graphics] Is any further cooperation between Russia and the ESA planned after this flight?

[A.P. Mayboroda, deputy chief of cosmonaut training center, identified by caption] For the next few years nothing is planned. But this may change. For the moment French astronauts are preparing under their own program with the Russian Space Agency, so that in principle cooperation with Europe is continuing. As for the rest, time will tell.

[Polozhentsev] In short, stiff competition for the Russian space market is under way in the world. To date the Russian Space Agency has concluded contracts exceeding $1 billion.

The backup crew for the 20th main space mission was also presented to journalists. It is as yet uncertain which of the two crews will meet with U.S. astronauts in orbit in October—the Shuttle-Mir docking is scheduled for October, as is generally known. For the time being normal preflight training is under way at Zvezdnyy. [video shows main crew, interior, exterior of Mir station, space graphics, interview, office scene, backup crew emerging from mockup]

Federal Assembly

Duma Holds Hearings on State Information Policy

MM0205125395 Moscow ROSSIYSKAYA GAZETA in Russian 29 Apr 95 Weekend Edition p 2

[Unattributed report: "Information Refugees"]

[FBIS Translated Text] Hearings on "The Concept of the Russian Federation's State Information Policy," organized by the Russian Federation State Duma Committee for Information Policy and Communications, took place in the Parliamentary Center last Tuesday [27 April].

The main report was delivered by State Duma Deputy Igor Yakovenko, chairman of the Press Subcommittee. He regretfully stated that not only is there a growing tendency in the country for Russia's information area to be breached and for central newspaper circulations to drop, but an information war is also flaring up on the threshold of the elections. According to I. Yakovenko, "a new Russian pastime—a tug of television channels"—has appeared in the course of this war, and information refugees have even gone to London.

There was no need to explain to those present whom the deputy had in mind. Mr. Gusinskiy, who continues to lead NTV from his position as an "information emigre" in London, remains a quite well-known figure in journalistic circles.

Anatoliy Lysenko, general director of the All-Russia State Television and Radio Broadcasting Company, who spoke in the debate, complained—as is now the custom—of inadequate state funding for Russian Television and voiced great doubt that the bankers who have thrown themselves into the television process will put all to rights in it. According to him, we will have "neither money nor television."

Sergey Shakhray, vice premier of the Russian Federation Government, who spoke next, confirmed his long-standing observation that there is still no state radio and television in the country. He also added that "the system for disseminating official information" has now been almost completely destroyed. Sergey Shakhray suggested to the television and radio companies a highly original way out of the financial crisis—an election campaign promising a strong source of finance. This kind of idea can only be expressed in the form of a joke. This was how it was perceived by almost all those present.

Practically all the speakers concurred on one thing: Collective elaboration of the concept of state information policy is necessary but hardly possible in the immediate future. For the approaching elections and the inevitable preelection passions are not conducive to accord in the quest for common approaches.

Incidentally, the whole range of problems of the mass media was discussed at the Russian Journalists Union Congress, which opened Thursday. More details of its work will be carried in the next few issues of our newspaper.

Legislation for Arctic Shelf Oil Extraction Urged

MM0105105195 Moscow IZVESTIYA in Russian 29 Apr 95 p 1

[Report by Boris Konovalov: "Russia Will Get Many Billions of Dollars if the State Duma Adopts the Law on Developing the Arctic Shelf"]

[FBIS Translated Text] The Russian company to develop the continental shelf—"Rosshelf"—has officially announced that all matters connected with the development of the "Prirazlomnoye" oilfield, located in the Pechora Sea, have been analyzed from the technical, financial, and organizational viewpoints. The detailed technical and economic study of the plan shows that oil production in this Arctic region will be entirely profitable.

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International experts agree. The study has been presented to the International Financial Corporation in Washington, the European Bank for Reconstruction and Development [EBRD], and a number of commercial banks.

"Investors are now prepared to put a total of more than $1 billion into the development of the 'Prirazlomnoye' field," Academician Ye. Velikhov, president of "Rosshelf," said. "At the moment the potential investors are as follows: Russia's 'Gazprom' joint-stock company—15 percent; the Australian BHP company—15 percent; International Financial Corporation and EBRD—20 percent each; the rest to be provided by Russian and foreign commercial banks. Already 20 companies have provisionally agreed to buy Russian Arctic oil. Now we face, essentially, only one barrier—Russia has no law on on dividing up the products of shelf fields between the state and investors, and without it no financial organization is going to invest money, of course. If the State Duma manages to adopt this vitally important law before the summer recess, we will be able to start producing and selling oil commercially in 1998."

Remember, we are talking not just about exploring Russia's resources and obtaining the hard currency that we so badly need, but also about providing jobs for the Russian defense industry. "Rosshelf" has obtained a license to develop the "Prirazlomnoye" field and the major Shtokmanovskoye gas condensate field in the Barents Sea on condition that it creates thousands of jobs in the defense industry.

At the first stage of the field's development the oil will be transported throughout the year from "Prirazlomnoye" by icebreaker tankers. If the tankers are held up at all, the platform will have a major storage facility to hold 10 days' production—approximately 200,000 tonnes of oil. In the future it is proposed to build a special oil terminal platform in the vicinity of Kolguyev island, which is ice-free throughout the year. The oil will go there by pipeline.

The oil and gas reserves of the Russian Arctic shelf are reckoned to be worth the fantastic sum of $4.5 trillion at current world prices. And the State Duma should certainly take this into account when shaping its priorities for the adoption of laws.

Regional Affairs

Further Reportage on Situation in Chechnya

Security Service Chief Interviewed

LD0205122795 Moscow INTERFAX in English 1143 GMT 2 May 95

[FBIS Transcribed Text] Moscow, May 2 (Interfax)—The Director of Russia's Federal Security Service [FSS] Sergey Stepashin left for Chechnya on Tuesday to carry out measures aimed at rebuilding the local economy, ensuring security for vital facilities and implementing the moratorium on military actions imposed under a decree signed by President Boris Yeltsin.

In an exclusive interview given Interfax before his departure Sergey Stepashin said that three conditions are essential for concluding the military phase of the operation in Chechnya.

"The fundamental condition is the civilian population's support for the Russian Constitution and desire to gain a peaceful settlement," Stepashin said.

Another condition is total disarmament of the illegal formations, first of all the confiscation of military hardware. "However much will have to be done to put an end to the use of such an attribute of aggressiveness, as submachine gun," Stepashin said.

Another condition, in his view, is a stop to the bandit raids on federal troops.

Stepashin believes that guerrilla warfare in its classical shape is impossible in the Caucasus. "Our negotiations with the elders and with civilians in general give reasons to believe that they will not act as participants in guerrilla warfare. Consequently, we will have to deal with bandits. That is why the Federal Security Service has already set up a department for the Republic of Chechnya, which will be one of the biggest territorial agencies. It will include structures designed to combat banditry," Stepashin explained.

Asked whether steps have been taken to prevent Dudayev's flight abroad in a plane over Dagestan or Georgia, Stepashin said that the air defense is in charge of this while his service will try to prevent Dudayev's escape.

Stepashin said that despite all the reorganizations the FSS has not lost all the strong and courageous men capable of carrying an order and that compromises with gangsters are impossible as are compromises in protecting the Russian interests.

Chechnya showed, he said, the perils of experiments with the state security service and the need to strengthen such services.

He confirmed that documents have been found in Dudayev's personal files confirming Dudayev's close contacts with Russian political, industrial, financial and military establishments.

Stepashin believed that Dudayev had never been a central figure of the Chechen regime, being too unpredictable and whimsical. Stepashin said that he would speak later about the people who used Dudayev as a figurehead.

Stepashin said that the situation in Russian is largely under control and that Dudayev will not succeed in moving the hostilities from Chechnya into Russia.

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Stepashin Meets Chechen Leaders

LD0205162095 Moscow ITAR-TASS in English 1542 GMT 2 May 95

[FBIS Transcribed Text] Moscow, May 2 (Itar-Tass)—Director of the Russian Federal Security Service [FSB] Sergey Stepashin met Chechen leaders Umar Avturkhanov and Salambek Khadzhiyev in Groznyy today to discuss safety of strategic facilities and restoration of the republican economy, the service's public relations center reports.

Stepashin who arrived in Groznyy today is planning to leave for Gudermes by train on Wednesday to meet the town leaders and the elders. It is also planned to hold a meeting of federal troops commanders.

Further on Stepashin Meeting

LD0205165795 Moscow ITAR-TASS in English 1624 GMT 2 May 95

[By Sergey Ostanin]

[FBIS Transcribed Text] GROZNYY, May 2 (Itar-Tass)—The Chechen department of federal security will be the largest in the Northern Caucasus, director of the Russian federal security service Sergey Stepashin told Itar-Tass. He arrived in Groznyy today to meet Chechen leaders Salambek Khadzhiyev and Umar Avturkhanov and command of the federal troops.

In the words of Stepashin, this is a working trip. "The most important now is the put in motion the Chechen department of federal security. It is the matter of serious work to be done by the department and its expanded influence on the situation," said the official.

Another priority is the restoration of Chechen economy. "This was the core of my meeting with Khadzhiyev and Avturkhanov. The petrochemical complex will start working in the near future, and we are settling the related problems," said the service director.

In response to an Itar-Tass question, he said that everything will be finished with the illegal armed units within two or three months. "Service staffers are looking for ways to influence the field commanders," said Stepashin.

Stepashin: Operations in 6-8 Weeks

LD0205210895 Moscow Russian Television Network in Russian 1900 GMT 2 May 95

[From the "Vesti" newscast]

[FBIS Translated Text] On 2 May, for the first time a government aircraft landed at the airport to the north of the Groznyy. Sergey Stepashin, director of the FSB [Federal Security Service], together with the leaders of the rear subunits of Russia's security service, had a meeting with the leadership of the Chechen Republic. Questions relating to Chechnya's economy and the problems of eliminating the illegal armed formations were discussed. Sergey Stepashin also met the leadership of the front-line units in Chechnya. Then he held a meeting with the press.

[Begin Stepashin recording] You know that the moratorium was unilateral. Losses are being incurred. Three of our servicemen were killed today alone, and nine were wounded. So we discussed the adequate measures, taking the president's decree as a starting-point, that must be adopted so as to prevent a flare-up of combat operations, especially in the south and southeast of the area. I imagine that in six to eight weeks it will be necessary to put an end to the active resistance of the combat formations in the area. This has been ordered.

But the main thing is that the electricity is back on again, and the major enterprises in Groznyy will begin to operate in May. In general, the normal functioning and restoration of life in the republic [pauses] And the second, probably the main thing also, well, one of the main things, is the working of the local organs of power. [end recording]

Stepashin: Cease-Fire Favors Dudayev

LD0305113795 Moscow ITAR-TASS in English 1055 GMT 3 May 95

[By Sergey Ostanin]

[FBIS Transcribed Text] GROZNYY, May 3 (Itar-Tass)—Federal Security Service (FSB) chief Sergey Stepashin is expected to meet elders in the Chechen town of Gudermes and representatives of the opposition-held settlement of Nozhai-Yurt on Wednesday [3 May] to discuss issues relating to implementation of the Russian President's moratorium on combat operations.

"The unilateral moratorium which we declared is fresh evidence of the desire of the President and the Government of Russia to point to the possibility of talks, which is all the more important ahead of the May 9 celebrations and concomitant visits by 50 heads of state and government," Stepashin told reporters on Tuesday [2 May].

From the military point of view, the moratorium favours Chechen leader Dzhokhar Dudayev's militants, Stepashin said. They have stepped up activity in the vicinity of Groznyy, Gudermes, Shatoy and Bamut.

In his opinion, the elders of Gudermes should try and persuade field commander Shamil Basayev, whose units are fighting federal troops actively, to cease hostilities.

It is essential to suppress all resistance offered by groups militants near Shatoy and Vedeno in the next month or two, the Federal Security Service chief stressed.

"Let everydody know that adequate response will be given to the shelling of federal positions by the militants," he said.

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After his meeting with the elders in Gudermes, Stepashin is expected to leave for Makhachkala, capital of Daghestan, and then fly back to Moscow later on Wednesday.

Russian Commander: Moratorium Broken

LD0205163495 Moscow ITAR-TASS in English 1623 GMT 2 May 95

[By Sergey Ostanin]

[FBIS Transcribed Text] Groznyy, May 2 (Itar-Tass)—Militants do not observe the moratorium on combat operations in Chechnya, commander of the Russian federal troops major-general Gennadiy Troshev told Itar-Tass today.

In his words, the majority of militants consider the moratorium to be a farce. Nevertheless, the general referred to radio intercepts and other information saying that some field commanders and illegal armed unit head Aslan Maskhadov "showed a sober approach and ordered not to fire at our defence lines and block-posts."

Troshev lamented over the fact that "some field commanders have failed to understand this correctly and 17 violations of the moratorium have been registered today." The federal troopers were put under rifle, mortar and grenade launcher fire, there are casualties.

In the opinion of the general, field commanders have responded to the appeal of Russian defence minister Pavel Grachev. The commander did not exclude a possibility that this meeting will be held in the immediate future, bearing in mind conditions for this meeting are being prepared.

'Militants' Fail To Observe Moratorium

LD0305090395 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 3 May 95

[From the "Novosti" newscast]

[FBIS Translated Text] Now about the situation in the Chechyen Republic. The militants are failing to observe the moratorium on combat operations, ITAR-TASS was told by Major-General Gennadiy Troshev, commander of the Russian Defense Ministry's joint group of forces in Chechnya.

He thinks most militants regard the moratorium as a farce. Nonetheless, citing radio intercepts and other data, the general said some field commanders, including one of the leaders of the illegal armed formations, Aslan Maskhadov, had approached the issue sober-mindedly, having issued orders not to open fire on the emplacements of the federal troops.

Groznyy Situation 'Remains Explosive'

LD0305081595 Moscow 2x2 Television in Russian 0700 GMT 3 May 95

[FBIS Translated Text] INTERFAX reports that the situation in the Chechen Republic remains complex. Militants become most active when dusk falls. The situation in Groznyy and its suburbs remains explosive. Militants who used to hide in a forest south of Chernorechye, whence federal troops came under fire overnight, have become more active. The commandant's headquarters in the Leninskiy district of Groznyy repeatedly came under fire overnight.

Federal forces spokesmen have information that the command of the illegal armed formations plans to merge small groups of militants to coordinate combat operations.

Shells Banned by Geneva Convention Fired

LD0305100695 Moscow ITAR-TASS in English 0948 GMT 3 May 95

[By Sergey Ostanin]

[FBIS Transcribed Text] GROZNYY May 3 (Itar-Tass)—The situation in Chechnya remains complex. Chechen militants fire from small arms, artillery guns and mortars on the positions and posts of Federal forces every day.

The locations of Federal units were shelled five times on the night from Tuesday to Wednesday, a spokesman at the Headquarters of the Operational Group of Troops of the Russian Defence Ministry told Itar-Tass on Wednesday [3 May].

The military point out for the first time that the positions of a battalion of Motorised Rifle Regiment 506 were bombarded with 120mm shells with elements which are banned by the Geneva Convention as a weapon of mass destruction. There was yet another innovation last night—Chechen militants fired on paratroopers from small arms fitted out with silencers.

According to the Headquarters, Chechen militants continue to concentrate and prepare to consolidate their positions in the mountainous areas in the south of the Republic. It has been noticed that bandit groups ranging in size from several members to several dozen ones infiltrate into the Republic's areas which were earlier freed from unlawful armed groups, including Groznyy, with a view to staging provocations there against units of Federal forces and civilians who are unwilling to follow Dudayev and who strive for peace.

Rebels Target Political Gains

LD0305133495 Moscow ITAR-TASS in English 1318 GMT 3 May 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, May 3 (Itar-Tass)—The unlawfully armed forces in Chechnya are revising their tactics to target not so much military gains as political benefits.

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Their activity is acquiring a character which is proper in acts of subversion, terrorism and provocation. The Dudayev military chieftains are increasingly aware that they have lost the military adventure hatched in Grozny. They have neither military equipment nor human resources to conduct significant combat activities. The best rebel forces have been exterminated in battles by the federal forces and there are no reinforcements to count on.

In this situation, the Chechen rebel leaders would do good by recalling the 19th century events and following the example of Imam Shamil who had courage enough to lay the sabre at the feet of the Russian soldier. Shamil's love for his people proved stronger than his personal ambitions. The Vainakh and other ethnic groups in the Northern Caucasus rescued by that gesture have kept fresh the memory of that great warrior whose descendants paid tribute to his honour.

It appears that Dzhokhar Dudayev, Aslan Maskhadov, and other rebel leaders in Chechnya lack Shamil's courage to admit their defeat.

The war in Chechnya was lost by those who rose against great Russia. This is a fact that cannot be ignored. The combat activities pursued by separate rebel groups cannot be seen as anything else but brigandage and acts of provocation. They aim to score political gains, as Western analysts note.

Dudayev and his retainers apparently count on casting a shadow on the ceremony in Moscow on May 9, when the heads of states and government from 50 countries are due to converge on the Russian capital.

This is the only reason for the rebels' attempts to boost tension both in Groznyy and in the Republic's Southern regions. This is confirmed by the latest reports about shooting in Bamut at the delegation from the Organisation for Security and Cooperation in Europe. After the rebels committed that ignoble crime, the Dudayev propaganda sought to shift the responsibility for the heinous act onto the shoulders of the combined federal forces who had nothing in common with the event.

But the habit of blaming others for one's own offenses is not always successful. The American newspaper "The Boston Globe" cited U.S. officials as saying that Fred Cuny who disappeared in Chechnya on April 9 must have been seized by a field commander and detained "either without notifying Dzhokhar Dudayev or ignoring the Chechen leader's instructions". Meanwhile, Dudayev officials have repeatedly said in interviews with a variety of radio broadcasters that they know nothing about the fate of the American and hinted at activities of the Russian special services in the matter.

Some analysts forecast further intensification of combat activities in Chechnya and their spread in the days preceding the May 9 celebrations. There is no doubt that the federal forces sticking to the moratorium are capable of withstanding any onslaughts of the rebels, but once forced to pay in kind, there will be no avoiding blood spilling on both sides.

The subversive and terrorist tactics of the rebels who attack federal soldiers at night, fire from around corners and from ambushes at close range as if practicing at a shooting range, and provoke further involvement of peaceful civilians in combat zones will eventually bring no success to the Dudayev military chieftains, but will smear their uniforms with blood and expose their ambitious, 'public enemy' essence.

Northern Fleet Marines Arrive

LD0305101495 Moscow ITAR-TASS World Service in Russian 0723 GMT 3 May 95

[By ITAR-TASS correspondent Vasiliy Belousov]

[FBIS Translated Text] Murmansk, 3 May—An ITAR-TASS correspondent was told in the press center of the headquarters of the Northern Fleet that a battalion of marines from the Northern Fleet, mainly formed of volunteers and servicemen who had already been in this region, arrived today in the area of the Chechen conflict.

Before the departure to the North Caucasus, the marines were thoroughly trained to carry out operations in conditions of populated areas and mountains. Dudayev fighters now are concentrated in precisely such places.

Yeltsin, Khabarovsk Governor Discuss Far East

OW0305121795 Khabarovsk Radio Khabarovsk Network in Russian 0840 GMT 28 Apr 95

[From the Kray News]

[FBIS Translated Text] Russian President Boris Yeltsin met Viktor Ishayev, head of the Khabarovsk Kray administration and leader of the inter-regional association for economic cooperation of Far East and Trans-Baykal subjects of the federation, on Thursday [27 April]. According to the press service of the Russian Federation President, the participants in the meeting discussed problems of repayment on debts owed to the region by the federal budget, and progress in fulfilling the president's instructions on solving Far Eastern problems.

Boris Yeltsin proposed that the role of the inter-regional association in solving the region's social and economic problems be intensified and suggested that leaders of regional organs of representative authority be involved in its work.

Kemerovo Administrative Chief on Current Tasks

954F2153B Kemerovo KEMEROVO in Russian 6 Apr 95 p 6

[Interview with Mikhail Kislyuk, chief of the Kuzbass Administration, by Tatyana Krasnoselskaya; place and date not given: "Mikhail Kislyuk: 'I Do Not Like the Word "Reform" '"]

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[FBIS Translated Text] Kislyuk's supporters call his style of work reformist. What does the chief of administration of the Kuzbass himself think? Our conversation began with this.

[Krasnoselskaya] In a recent television interview Nizhniy Novgorod Governor Boris Nemtsov compared reforms with repairs. In this respect, as in all sorts of repair work, who is implementing it, with what resources, and for what purpose are all important elements. After all, is it possible to carry out repairs in such a way that a whole building can be destroyed while the plaster is being removed? Just what do reforms mean for you, Mikhail Borisovich?

[Kislyuk] Of course, it is possible to make figurative comparisons, at the same time speaking beautiful words. But it is possible to work if not with very big matters, then with specific matters. Let us look at last year's results. The Kuzbass lost 11 percent of its industrial production, Tyumen—9 percent, and the rest of the region significantly more. In Nizhnyy Novgorod Oblast this figure is 35 percent. The price level there is a little lower than the Kuzbass level, but the wage of Nizhnyy Novgorod residents is less than here by almost a half, but for villagers, less by a factor of 2.5. These are the figures.

Looking further. Since October, from the standpoint of economists, the Kuzbass has begun to increase the volume of production by 2-3 percent in comparison with the previous month, although the decline is still continuing. This increase is higher in January in comparison with December, and in February an increase was already noted in the volume of production not only in comparison with January, but it is also higher by 2-3 percent in comparison with the same period of last year. The reasons? There are many. Here there is regional economic accountability, a free economic zone, a programmed method of reforming the economy and its structural restructuring, and a restructuring of the coal industry itself. But take this example: The enterprises of our basic industries were the first to conclude an agreement with the Ministry of Railways, owing to which, given all the problems the Kuzbass had last year, it had a record volume of exports—more than $1 billion. We acquired good conditions for foreign economic activity—when shipping products more than 3,000 kilometers, Kuzbass enterprises have a right to favorable railroad rates. The process of reform is too complicated to compare it with repairs, with skilled plasterers, and relations between people with the wall of a building.

In general I do not like the word "reform." There is a specific economic situation, there are specific problems in the economy that it is necessary to resolve in order to move from decline to stabilization, and then to a growth in economic production. What are the specific growth figures for today? The production of cast iron—18 percent, steel—14 percent, and ready rolled metal—15 percent. There should be a unique approach everywhere. For the coal industry one approach, and for the chemical industry—another approach, a different approach for agriculture, and for the program "Spiritual Revival of the Kuzbass"—its own approach. Our task in this respect is to fill the entire space with social programs so that people will feel protected as a result.

[Krasnoselskaya] You demonstrate well and conclusively that it is necessary to reshape the system of production-economic relations and everything associated with this for the sake of improving the well-being of the people of the Kuzbass. But, after all, if we are to be honest, many Kuzbass residents do not like you. Does this mean that the results of your efforts are not reaching them?

[Kislyuk] Nobody promised immediate results. As for liking me, I never set winning popularity as my goal. I simply do not have the time to engage in cultivating my rating. Populist measures are needed in such a case. They, of course, are more noticeable and build prestige. But in the final analysis, these measures will not work on people. Treating a patient is also not always a pleasant procedure. My principle is to do the work. And the work will speak for itself. Albeit not at once. I, incidentally, could not have talked this way just two years ago—at that time it was necessary just to start all the programs. But today I can. Because there is specific work—the roads have been built! Even if they are far from European standards, in Russia they are called the best. And municipal services? After all, each year the village of Gramoteino froze, Kiselevsk, Prokopyevsk, Mezhdurechensk... But this winter passed without major mishaps, and all the boiler houses operated.

Or how about the grain that was continuously purchased in Canada, America, and Stavropol, confirming that the Kuzbass was unable to raise its own. Now we have lived five months on our own grain, and it was only in January that we resorted to purchasing grain. While just three years ago every village waited for bread to arrive from the city, now baking is going on almost everywhere—the "Hot Bread" program is functioning. Last year, along with the meat processing shops, four cheese-making plants were put into operation, and it is planned to put just as many into operation this year.

We did not lose even one artistic collective during the years of the economic crisis. The Theater on Vesenney and the Sin-Tezis Theater in Novokuznetsk made their appearance, the symphony orchestra flourished, and a drama theater in Novokuznetsk and a theatrical studio in Yurga are operating. How did the artists live previously? Now they live much better materially, because a mechanism has been found. And funds for the support of young talent, special stipends, and regional pensions? A system of municipal pensions is also being established. I must do everything in my power to support veterans, not just try to make them like me.

[Krasnoselskaya] It is clear that the structural perestroyka of the economy of the region must play the main role in improving the well-being of Kuzbass residents. It is clear that in order to live normally it is necessary to

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know which branches should hold greater significance in the economy, which—less significance, and which branch should produce how much. Everything, it would seem, sounds correct theoretically. But will it not end up this time as well according to the principle—we wanted what was best, but it turned out as always?

[Kislyuk] It will not turn out that way at least because we did not raze everything to the ground. Let us recall September 1991, when the administration started work. The country had been brought to ruin. And one of the main reasons for this was the functioning of the cost-based mechanism, when everyone became interested in the much greater production costs.

But I recently visited the Bachatskiy open pit mine, where cyclical-flow technology was being introduced, whose main significance was high productivity at a very low cost. The people themselves understood what was profitable for them. Therefore, they proceeded to assemble it, and they will set up one console by the end of this year and a second one next year. But they will actually acquire one more automotive enterprise. And this without any subsidies and capital investments on the part of the state! Here is a specific example of structural perestroyka. What does it tell us? That each enterprise has to be looked at specifically. This one has promise and, of course, investments have to be made in it and credit has to be extended to it. A tiny bit of support and mining takes off, there is an increase in production, sales, profits, and improvement in the social sphere. But this enterprise has no promise, so it must be closed down. I am not a supporter of unemployment: New jobs are needed. We are therefore setting conditions before Rosugol—we will not permit enterprises to be closed down as long as there are no new jobs. Besides promising and unpromising enterprises, there are also enterprises that need improvement, and some mines have to be closed down temporarily. This, then, is what structural perestroyka is about—the economy must begin to work for the person, not the other way round.

[Krasnoselskaya] Is such a global perestroyka possible given the existing nonpayments crisis?

[Kislyuk] It is possible, of course, to sit and wait until these nonpayments stop, and only then will we begin to build a radiant future. The nonpayments crisis only pushes us to this. Because the financial system also needs structural perestroyka. Then we will not have this closed circle in which we find ourselves. Here is one more specific example: A financial-economic commission worked a while in Novokuznetsk, and R100 billion was transferred to the budget just from the West Siberia Metallurgical Plant, R40 billion—from the KMK [Kuznetsk Metallurgical Combine]. The Mezhdurechensk city budget received R16 billion in December, R25 billion in January, and R29 billion in February, after the work of the same kind of commission was concluded. The base of the pyramid of nonpayments is down. And we are yelling that the government is to blame. You see where it is necessary to work!

[Krasnoselskaya] Mikhail Borisovich, I cannot pass over a problem that is vitally important for every Kuzbass resident—the state of the ecology. I understand very well that the ecological crisis has been brewing for decades, until the time that the oblast administration began to operate. And still?...

[Kislyuk] The problems are really so profound that the oblast administration with its impoverished budget is simply not in a condition to resolve them. A state ecological policy should exist. But this will be possible only when the country starts to get on its feet. Well, this money is not in the budget—then cry out! As for the French firm Degremon, actually the initial documents were signed, but we did not accept the conditions for implementing this project because the transfer of an advance payment was required. This is a risk we cannot take. The French side proposed to extend credits at first—we would begin to use them and make payments—but we did not receive a concurrence without the transfer of an advance payment.

[Krasnoselskaya] I understand that the reasons are objective. But it seems that it is generally senseless to do a lot of talking about ecology, while it is continuing to slowly die out.

[Kislyuk] I have always endeavored to tell the truth. And therefore I cannot promise the unattainable. But regarding the senselessness—well, why? What prevents that same Legislative Assembly from adopting tough laws that would motivate enterprises to implement ecological supervision, that would force them to resolve ecological problems in technical systems?

[Krasnoselskaya] Is this possible without the existence of a federal ecology program?

[Kislyuk] Completely. After all, precisely this situation exists today because the Federal Assembly did not fill the niche with laws. On one hand this is an impediment, but on the other hand, it makes it possible to adopt such laws at the regional level. Thus perhaps it is this that should be worked on?

[Krasnoselskaya] I would not like to end our conversation on such a sad note...

[Kislyuk] I am not a supporter of pointless happiness, although I am an optimist. It is a difficult time. An evolutionary process is taking place. And I understand very well that perhaps I am not playing the most advantageous role that makes it possible to achieve cheap prestige. I understand that people will curse us more frequently than praise us. But we are supposed to do our job—lay the foundation of the future society without revolutions and bloodshed. Only then will it be possible to work on the walls as well. It would be nice if Kuzbass residents did not simply curse our actions, but tried to understand and ask more questions, which I am always prepared to answer through the mass media. We must

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learn to understand each other. I hope that the city newspaper will also help in this regard.

Report Provides Details on Kemerovo City Finances

954F2153A Kemerovo KEMEROVO in Russian 10 Mar 95 p 1

[Report by V. Yesenin: "Press Conference on Incomes and Expenditures"]

[FBIS Translated Text] The subject of the regular press conference was "The City and Taxes." It was conducted by D. Volkov, first deputy chief of the Kemerovo administration. S. Voronin, chief of the operational management service section of the Kuzbass Tax Police Department, and I. Ilchenko, chief of the legal section of the Kemerovo Tax Inspectorate, also took part. Before the conference started, diagrams of the structure of incomes received last year and their expenditures were distributed which graphically showed the sources for replenishing the budget and for what purposes they were used. D. Volkov commented on the documents in detail. All told the city treasury last year had 568.554 billion rubles [R]. Of this, half was our own income. The aforementioned sum made it possible to make ends meet and to ensure the work of the infrastructure and the social sphere. More than half of the budget went for the needs of the national economy, 17.8 percent for education, and 15.7 percent for health services. The rest was for maintenance of law enforcement organs, physical culture-sports and cultural institutions, administrative organs, and social security.

Of course, before planning the development of the city it is necessary to be concerned about the income part of the budget. Progress for the better was noted in this direction in 1994. Thus, in comparison with 1993 profit increased from R51.1 billion to R133.7 billion. Local taxes increased from R6.8 billion to R29.8 billion. In connection with the absence of a sufficient amount of turnover resources at enterprises, work on mutual offsets improved noticeably. Almost R40 billion of mutual debts of city enterprises were settled in December. This figure was equal to zero at the beginning of the year. What does this do for the city and city residents? Here is one example. In the conduct of mutual offsets of the Kedrovskiy open pit mine and Kuzbassenergo, the power engineers agreed to settle accounts with city heat, and the miners before them—with coal. After all, the coal that is used for the population has to be subsidized from the budget.

It was noted that the measure of the administration for the collection of 50th Victory Anniversary resources that are being directed with the specific purpose of helping veterans has received further development. While R541 million was received last year, R730 million was received in January of this year alone.

One more expenditure article appeared this year—for maintenance of the firefighting service, which in recent years has been in a miserable condition. For its needs, one-half of 1 percent of the resources directed for construction and reconstruction will be withheld from enterprises for the local budget. According to preliminary calculations, it will be possible to collect about R4 billion. This is only half of what is required. It is not yet known where the remaining resources are to be obtained.

The practice of property liability of organizations that do not pay their taxes has been introduced. Owing to the sale of property confiscated in a court procedure, the budget was replenished by R2.8 billion. Suits have been filed for another R15 billion.

Replenishment of the budget is impossible under current conditions without a tax police and inspectorate. These services became stronger recently. This was recounted by S. Voronin. More than 500 audits were conducted last year, and an additional R18.8 billion in concealed taxes were added to the budget.

However, the budget depends not only on the activity of the city administration and the tax organs, but also on the oblast administration. For example, the income tax that is collected from Kemerovo residents does not entirely remain in the city. The lion's share goes to the oblast budget. Why? The question remains open.

Novosibirsk Oblast Council Assesses '95 Budget

954F2173A Novosibirsk SOVETSKAYA SIBIR in Russian 25 Apr 95 p 2

[Article by P. Isayev, deputy of the Novosibirsk oblast council and member of the Committee on Legislation and the Committee on Economics and Interregional and Foreign Economic Relations, under the rubric "Deputy Tribune": "There Is No Sadder Story on Earth Than the Duma on the Budget"]

[FBIS Translated Text] The occasion for this newspaper article was the session's forthcoming discussion of the oblast budget for 1955. Judging from the materials presented, no significant changes in the strategy for oblast development are anticipated.

In 1994 the state tax inspectorate collected almost 2 trillion rubles' [R] worth of taxes and fees on the territory of the oblast (which is 4.2 times more than in 1993). Of this sum, R1.4 trillion (71 percent) was left on the territory of the oblast (0.57 trillion, that is, a little more than one-fourth, was transferred to the federal budget). Another R225 billion which was transferred to the oblast budget from funds of the Ministry of Finance of the Russian Federation must also be added to this.

The largest contribution to the tax "harvest" is provided by Novosibirsk—R1.25 trillion, or 63 percent. Then, for comparison: Kuybyshev—R55 billion (2.79 percent), Berdsk—R36 billion (1.79 percent), and 30 rural rayons—R274 billion (14 percent).

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Attention is drawn to the fact that only one-seventh of all the taxes is drawn from the largest part of the territory.

The main share in the structure of payments is made up of: profit tax—34 percent, VAT—30 percent, individual income tax—14 percent, and excise and special taxes—4 percent each. The remaining seven items (including taxes on land, minerals, and property) taken together account for 14 percent of all the payments.

Now let us look at the oblast budget for 1994. A total of R924 billion was spent. Of this amount (in billions of rubles): for public education—30, public health—62, social security—54, compensation for children—13, physical culture and sports—8, summer vacations for children—4, and everything else—24. The total was R195 billion. Thus the share of social programs is a little more than one-fifth of all expenditures. But only 73 percent of these programs are included.

Almost half of all the expenditures—R464 billion—went to rural rayons: agriculture—146, and subsidies for the rayons—318. It is also necessary to add to this R67 billion for payment of interest on centralized credit allotted to agricultural producers.

Of the other expenditures, only the especially large ones (more than R10 billion) were transferred: for transportation, fuel, municipal-domestic, and medicinal needs—112, state administration—12 (including the oblast council—0.59), and the internal affairs administration—20.

Certain small expenditures are of interest (in parentheses—percentage of plan): benefits for participants in the cleanup after the Chernobyl disaster—R66 million (24 percent), reimbursement for losses to those being rehabilitated—R153 million (84 percent).

Expenditures on elections are noted separately—R867 million (46 percent).

Let Us Learn To Ask Questions

Now let us try to understand the problem that was solved by the oblast authorities last year. We will use the exclusion method.

We have seen that three-fourths of the budget revenues are provided by profit tax, VAT, and income tax. An old truth is confirmed: The state is rich if its citizens are rich.

But last year's economic strategy was not aimed at creating favorable conditions for economic growth and an upturn of business activity in the oblast. This is shown by the extremely inflated taxes and the absence of a goal-directed policy of tax benefits, an effective investment policy, foreign economic activity, and support for entrepreneurship.

It is also obvious that last year's budget strategy did not have a clearly marked social tendency; social programs make up one-fifth of the overall volume and not all of them are being implemented. Then a reasonable question arises: With such an insignificant share of the overall mass of expenditures from the budget, why were compensations for children delayed (in Novosibirsk—to this very day!) while wages for workers in the budget sphere were raised?

One might say that the general line of the socioeconomic policy was support for the agricultural commodity producers: Almost half of the oblast budget went to the rural regions. But the effectiveness of this policy does not evoke rapture either over the state of affairs and the prices in the consumer market of the cities or over the improvement of the well-being of the rural population (whose incomes remain the lowest). One can judge the effectiveness of investments by the tax return from rural territories: The share of all the rayons in the volume of payments last year was about 14 percent.

Yet it is known that the oblast is producing three times more agricultural products than are being consumed. Consequently, two- thirds of the output is being shipped and sold outside the oblast. Then the question becomes: Whom are we subsidizing (our consumers or others), where are the VAT and the tax on the profit of commodity producers going, and why is the tax yield from rural regions low?

There are many questions, but no reasonable answers are to be found. But it is 1995 out there, and not 1992: The unpredictable inflation rates are a part of the past, almost three-fourths of all taxes remain in the oblast. So the responsibility for the existing state of affairs must be divided up in the same proportions.

So questions about the effectiveness of measures that have been taken and the objectives and prospects for the development of the oblast no longer look so pointless as they did two years ago. Therefore let us learn to ask questions instead of being too shy to ask...

What Awaits Us This Year

Judging from the working materials prepared by the oblast administration for the forthcoming session, approximately the following picture will emerge in 1995.

It is expected that the sum of tax and other payments (including transfers and subsidies from the republic budget) will increase from R2 trillion to R3.09 trillion (that is, approximately 1.5-fold).

There will be a significant change in the structure of the payments. A larger share of them is to be obtained from profit tax—34 percent, and then comes income tax—19 percent, VAT—12 percent, property tax—9 percent, and other taxes and fees. Of the overall sum of revenues into the budgets of the territories, transfers and subsidies make up 14 percent.

Attention is drawn to the fact that the reduction of the share of the VAT (from 30 to 19 percent) in the volume of payments is compensated for by an increase in the

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proportion of income tax (from 14 to 19 percent) and property tax (from 4 to 9 percent).

Of the expenditure items of the budgets of all territories let us note the especially large ones (in billions of rubles): the national economy—963 (divided approximately evenly: agriculture—374, housing and municipal services and construction—359, transportation etc.—230), the social sphere—1,442 (including: education—501, public health—386, culture—76, compensation for children—98, children's summer recreation—10, etc., and also the reserve for social programs—228).

For capital investments we have allotted 138, state administration—55, and other expenditures—134, and the reserve fund of the main administration—98 billion rubles. A new line item was introduced—the fund for support of entrepreneurship with the symbolic sum of R9 billion in the oblast budget. Let me remind you that a year ago the oblast council did not approve it.

Of the expenditures, let us separate out Chernobyl—R108 million. And reimbursement for harm to those who have been rehabilitated—R44 million.

Finally the projected figures of the oblast budget are interesting: They can be compared to those given for last year.

Thus revenues into the oblast budget are planned in an amount of R1.46 trillion, half of which is to be profit tax—(R741 billion). Then come (in billions of rubles) property tax—141, VAT—118, income tax—109, excise taxes—93, and others (only nine items). The total of other revenues will be R203 billion—transfers from the republic budget.

With respect to the expenditure items the picture looks like this: For financing the national economy they have allocated R458 billion, which is approximately 70 percent more than last year. Of this: for agriculture and the regional grain fund—R323 billion (it was 146), for fuel—67 (35), and gas supply—45 (20).

The volumes of social expenditures have increased 2.5-fold: from 195 to 505 billion rubles. But about half of the budget financing is a reserve of R228 billion and we do not know how efficiently this will be spent.

Why Do We Want Better But We Always Do the Same

Now let us look at the main thing—our possibilities for this year. And they emerge from nonbudget funds as well as budget funds.

A total of 10 such funds have been formed on the territory of the oblast, but there are several that are larger than the others (in billions of rubles): the road fund—308, the pension fund—1,156, the social insurance fund—159, the medical insurance fund—103, the employment fund—85, and others. The overall sum of money accumulated in them this year will be astronomical—R1,821 billion.

If you add together all the budget funds of the territories and nonbudget funds, for each resident of the oblast, including each newborn, there will be a little less than R2 million. Thus each family of four this year will make a contribution of R7 million in the form of taxes for public needs in our oblast alone (this does not include federal payments—approximately one-sixth of this sum).

Ultimately this money must be returned as pension and other payments, wages of workers in the budget sphere, and also in the form of free services or subsidies for paid services: accessible public transportation, good roads, reliable safety, etc. Understandably, we are far from indifferent as to how and how effectively they are utilized here, in our oblast.

But, judging from last year, there is no reason to hope for changes for the better. Clearly, the 50 percent increase in budget and nonbudget funds will barely be enough to cover the most moderate inflation and nonprofessional administration. So, as always, there will be no money left for a serious investment policy.

The situation is at an impasse also because actually everything possible is being done to frustrate the search for investments. Up to this point there is no serious guarantee of protection of investments, although there are plenty of people willing to divide up whatever belongs to someone else. But with this situation we can never expect stable reinvestment of profit: National capital will be crowed into the shadow sphere or outside Russia.

But there are possibilities. Thus it is well known that access to cheap credit is closed off by those closer to Moscow. Therefore we must look for other sources. Among them is the attraction into the oblast of free funds from other regions in exchange for certain benefits (as is done, in Ye. Gaydar's words, in Novgorod and St. Petersburg).

Another source is foreign banking capital. This has been discussed with interest more than once by local financial companies and also the first secretary of the U.S. Embassy during his visit to Novosibirsk. But it has long been time to move on from deputy initiatives and pro forma support to professional work on the issue.

But we have a strange situation in the sphere of foreign economic relations and foreign investments. During the past year foreign economic turnover in the oblast (excluding the CIS) has been $200 million, of which $128 million is with industrially developed countries. For our region this is just a drop in the bucket.

Yet official and business contacts with developed countries remain extremely limited even though there is an immense amount of interest in Novosibirsk's market and scientific and technical potential. Here one frequently sees the irrepressible power ambitions (they are usually concealed by banal nonprofessionalism and personal interests) and one-sided protectionism, which most frequently harm us ourselves and not foreigners or our partners.

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As concerns Russian-American contacts, the situation is simply hopeless: Relations and the intergovernmental agreement that was signed are being unilaterally frozen (there are many examples of this). The project of forming an official American business center has been left suspended in air for more than a year.

Moreover, there has been a tendency to curtail already existing Russian-American investment programs and business cooperation that has been set up.

* * *

It is difficult to shake the idea that from year to year we are moving in a closed circle. We need new approaches and solutions. An understanding of this fact is a significant precondition for forthcoming changes. And I hope they come.

Novosibirsk Oblast Electoral Commission Ruling

954F2173B Novosibirsk SOVETSKAYA SIBIR in Russian 21 Apr 95 p 1

["Resolution No. 27 of the Oblast Electoral Commission dated 29 March 1995"]

[FBIS Translated Text] In compliance with Point 2 of Article 15 of the Statute on Elections in Novosibirsk Oblast, the soviet of deputies assigns the authority for preparing for and conducting the election of the deputy from electoral district No. 18 to replace the one who retired on 18 June 1995 to the district electoral commission formed for conducting the elections of 27 March 1994 with changes in its membership in compliance with the statements of the administrations of Tatarsk and Tatarskiy Rayon.

Commission Chairman: Emiliya Mikhaylovna Tsygankova—deputy chief for personnel of remote energy supply administration No. 4.

Deputy Commission Chairman: Aleksandr Nikolayevich Pisarenko—lawyer from the administration of Tatarskiy Rayon.

Commission Secretary: Svetlana Guryevna Glukhova—advocate of the legal consultation office of the Tatarsk people's court.

Commission Members: Vladimir Yegorovich Maslov—editor in chief of the newspaper NARODNAYA GAZETA.

Anatoliy Vasilyevich Molodin—chief of the state inspection of the rayon administration.

Antonida Andreyevna Kalinina—leader of the regional group.

Igor Borisovich Klyucharev—chief of the energy oversight agency.

Nadezhda Andreyevna Petrova—bookkeeper of the administration of the Severo-Tatarskiy rural soviet.

Lidiya Pavlovna Sineva—head of the rural library.

Tamara Aleksandrovna Timofeyevna—chief authority of the pension fund.

Lyudmila Aleksandrovna Urusova—chief of the Zakazchik service.

Nizhniy Novgorod Governor Answers Questions

MM0205130595 Moscow ROSSIYSKAYA GAZETA in Russian 29 Apr 95 Weekend Edition p 13

[Report by Mikhail Gurevich: "Nemtsov and Eastwood in One Evening"]

[FBIS Translated Text] Nizhniy Novgorod Governor Boris Nemtsov was the latest guest of the thematic cycle "Direct Question—Direct Answer" at the Central House of Cinematographers.

The Institute of Manuscript and Early Printed Books of Russia's Volga Region has mounted a historical exhibition in the building's foyer. Nemtsov himself spoke about the present day. A significant part of the meeting was devoted to an account of Nizhniy Novgorod Oblast's successes. Its economic achievements are so great that there was a Muscovite woman in the audience who had bought shares in some Nizhniy Novgorod enterprise. The governor reassured her, saying that he too had bought these shares, and if the enterprise's business does well, the dividends will be very high.

There are other successes too. Replying to a question about the level of corruption in Moscow and Novgorod, Boris Yefimovich said that the level is substantially lower in Nizhniy Novgorod: "Not because we have good officials. We simply have less money, and it is a small city." Zhirinovskiy's supporters did not get a single seat in the recent elections to the oblast parliament. Nemtsov even agreed to a "duel" with Zhirinovskiy in "Games for Adults," a new idea from Yuliy Gusman, artistic director of the House of the Cinema.

Nemtsov also spoke about himself. He is 35 years old and a Libra. He graduated from university in "theoretical physics and astrophysics" and, before entering politics, tackled "star wars problems" in a closed institute. He is married and has a daughter. Considering the venue, there was a question about the guest's cinematographic predilections. He had warm words for "Pulp Fiction" and for movies which he saw many years ago—"Sandpit Generals" and "Profession—Reporter."

As already pointed out in ROSSIYSKAYA GAZETA, the "Direct Question—Direct Answer" evenings at the House of the Cinema usually end with interesting movies. "The Bodyguard" was shown after Aleksandr N. Yakovlev, "The Wolf" after Sergey Shakhray, and "Lust for Gold" after the millionaire President Kirsan Ilyumzhinov. For Nemtsov's evening they got in "In the Line of Fire" with Clint Eastwood—about an attempt or the U.S. president's life. It is interesting that the very

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first note to Nemtsov read: "You are such a fine man. If you become president, you will lose all your masculine dignity!" He replied: "I will not! This is the very reason I will not."

Economic Issues

Statement Aims To Ease Pressure on Ruble

MM0305134895 Moscow KOMMERSANT-DAILY in Russian 3 May 95 pp 1, 3

[Report by Vladislav Borodulin under the "Finance Ministry and Central Bank Sum Up First Quarter's Results" rubric: "The Ministry of Finance and the Central Bank Combat the 'January Syndrome'"]

[FBIS Translated Text] The postponement of the planned government session, at which the first quarter's financial results were to have been discussed, has not prevented the Ministry of Finance and the Central Bank from issuing a special press release. Finance Ministry staffers did not even attempt to hide the reason for such promptness—the monetary authorities really fear the ruble's fall in post-holiday trading and a repeat of the January situation, when the rate almost got out of the Central Bank's control. How effective the optimistic tone of the press release will prove will become clear today, after the trading session on the Moscow Interbank Currency Exchange has ended.

The purpose of press releases like the one disseminated Saturday is obvious—to focus public attention on the relative well-being that has at last been achieved in the budget sphere and on the effectiveness of the authorities' tough financial policy. In this connection the Finance Ministry and the Central Bank once again emphasize the halving of the level of inflation in the fist quarter of the year. At the same time, however, the fact that a similar (sometimes even more drastic) slowing of inflation is observed year after year and that inflation increased in just the same way in the second half of each of the past four years is not mentioned. In addition, the authors proudly state that the budget deficit at the start of the year proved even lower than expected—just 3.3 percent of GDP. Moreover, as follows from the press release, the authorities managed to fund this deficit primarily from noninflationary sources—with a deficit of 7.6 trillion rubles [R], the revenue from the emission of short-term state bonds totaled R5.4 trillion.

At the same time the information provided by the Finance Ministry is plainly incomplete. As Deputy Minister Sergey Shatalov declared, the budget was fulfilled by only 82 percent with regard to expenditure. In his opinion, this is connected with the fact that the government failed to obtain IMF credit in the first quarter. But it is the implementation of expenditure that is the key to assessing the success of the authorities' budgetary policy.

The point is that fulfillment of the plan with regard to revenue is not such an insoluble task—even a 12-percent shortfall in taxes (the main source of revenue for the budget) enabled the plan for revenue to be overfulfilled. But there are no grounds for assuming that the tax shortfall was offset from other revenue sources (for example, with the annual privatization plan intended to produce R9.1 trillion, just R100 billion came in). Somewhat greater inflation than expected enabled the government to fulfill the plan. Shatalov himself confirmed this indirectly, by declaring that this year the government is expecting approximately R26 trillion in "additional unplanned receipts."

The underfunding of expenditure or, more accurately, the shortfall of funds to cover the federal budget deficit (here it is not all that important precisely why this happened) attests to the failure of the chief component of the authorities' budgetary policy—funding the deficit exclusively from noninflationary sources. Not even use of the Central Bank's credit "to cover the cash gap" helped the authorities to entirely close the deficit. True, the government has a very convincing excuse in the first quarter—the IMF has not yet granted the promised credit. The approximate coincidence in the amount of underfunding (approximately R8.7 trillion) and the quarterly share of stand-by credit (approximately $1.5 billion) serves merely as an additional argument in favor of this thesis. Therefore Sergey Shatalov's optimism with regard to the prospect that budget receipts will be realized by 98 percent also in the second quarter (including 110 percent for tax receipts) might prove premature: The receipt of the first tranches of credit from the IMF could well coincide, for example, with the collapse of the state short-term bond market. A failure with regard to "noninflationary covering of the deficit" also in the second quarter will provide still more weighty grounds for doubts about the feasibility of this year's budgetary policy.

At the same time the upbeat tone of the Finance Ministry press release is more than justified. This department's staffers do not hide the fact that they have very real fears concerning post-holiday trading on the currency market. They fear, above all, a repeat of the January situation, when, in the prime minister's admission, "forces playing for a drop in the ruble made several attempts to arrange for a 'black Tuesday.'" In the opinion of the monetary authorities, there are no objective reasons today for a drop in the ruble—which is, in fact, what the official press release of the Finance Ministry and the Central Bank is meant to convince the public of. But rumors that the banks are allegedly playing a concerted game for a sharp drop in the rate of the national currency are helping to exacerbate the "January syndrome." To some extent this version is also confirmed by the recurrence last Friday of rumors of a 1 May abrogation of the reserve norms which were made tougher 29 March—the easing of the Central Bank's reserve requirements means a drop in the demand for rubles on the part of commercial banks and, thus, creates preconditions for raising the dollar rate. But the Central Bank cable which appeared

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yesterday made only immaterial changes and left the size of the payments unchanged.

Yeltsin's Economic Aide Interviewed on Situation

MM0205164895 Moscow TRUD in Russian 29 Apr 95 p 2

[Interview with Aleksandr Livshits, Russian Federation president's aide for economic questions, by TRUD Political Correspondent Vitaliy Golovachev; place and date not given: "Aleksandr Livshits: 'Speculative Excitement on Threshold of Russian Market'"—first paragraph is introduction]

[FBIS Translated Text] Let's be frank: The statements by several leaders saying that the worst is already behind us do not sound very convincing. But what does the president's Aide for Economic Questions A. Livshits think about this?

[Golovachev] Aleksandr Yakovlevich, here is a letter to the editorial office from a Muscovite, Natalya Nikolayevna Rozova. She writes: "The previous totalitarian regime became loathsome to many people due to its lies. How we rejoiced when freedom came to this country and the authorities began to tell the truth to the people, however unpalatable it might be. In these circumstances you can bear many difficulties. But today the supreme authorities are again beginning to tell lies. One-third of the population is below the poverty line but we are told the economy is improving and we have already passed the low point.... Just recall the president's 'token' visit to the Rybnoye Depot, Ryazan Oblast. It was just like the old anecdote: '"How is life?" the general secretary asks as a joke. "We are living well," the workers reply in jest....' Surely we are not returning to the old days?"

[Livshits] The sheer fact that you can calmly quote and publish this letter is evidence that times are different today. Let's take things one at a time. First, concerning the visit to the Rybnoye Depot. I was there two days before the president's arrival and then remained with him, so I know what the situation was—and not by hearsay. At first a—how shall I put it—ceremonial welcome really was being prepared there. Such is the custom in Russia—people customarily wish to welcome important guests "with full ceremony." We had to carry out work to "tone down the ceremonial...."

[Golovachev] Including the slogans and appeals?

[Livshits] Them too. Only one of the many banners remained: "Railroad workers welcome the president."

[Golovachev] But why, for example, was it necessary to build a special platform?

[Livshits] Actually, no new platform was built; they simply put up a sort of small, narrow, temporary walkway. Imagine the scene: It is spring and there is mud all around the depot—heck, was it really necessary for everybody arriving on the train to step down from it into the mud? Do you think that the president did not know that there, beyond the other branch line, the tracks were bad and the mud was knee-deep? He knew. But, after all, the head of state shouldn't have to wade through mud....

[Golovachev] But what about the "good life"?

[Livshits] I should point out that transport sector workers do not receive a bad wage. It averaged about 560,000 rubles [R] in February (including social payments). In March it was over R600,000. They rank seventh or eighth in the country with regard to the size of their wages, in other words the majority of them live quite well. People at the depot spoke the truth. At the same time the president knows full well that far from all Russians have such a standard of living and that the scale of poverty here is great; believe me, the first thing Boris Nikolayevich does is to study statistical, sociological, and other materials on the dynamics of the standard of living and the positions of various groups....

[Golovachev] You seem to be giving a good explanation for everything, but why then has the president's popularity rating fallen sharply, if we are to believe polls by the All-Russia Center for the Study of Public Opinion on Social and Economic Questions? Something in the region of 6 percent support Boris Nikolayevich. The president, for example, says that the situation in the country is agreeable to him, but this is at a time when there is an unpopular war in Chechnya going on in the country against which two-thirds of the population have expressed their strong opposition; the number of people living below the poverty line reached 45 million in the first quarter; and there are 5.5 million unemployed. The number of strikes during the first quarter exceeded that for the whole of last year....

[Livshits] I could take issue over many of the views here, including the claim that there are so many "destitute" people here (many of them have unofficial work and their income is not taken into consideration by the statistics), but I will say something else: People's moods are changeable and to a large degree depend on the economic situation. But this is beginning to change for the better (true, as yet only at the macroeconomic level). **Our country's economy has never been so close to a turning point away from negative trends to positive trends.** But at the same time you feel uneasy inside about whether anything will prevent us from achieving the goals we have set....

[Golovachev] What for example?

[Livshits] Who knows. For stabilization you need appropriate political conditions, public accord, and effective measures for fighting crime, including economic crime.... I await the fall with trepidation—the Finance Ministry should settle its debts, hand out seasonal credits, in short there will be an enormous injection of cash into the economy. But the money often does not go where it was intended, it is converted into hard currency, and goes abroad....

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[Golovachev] You said that Russia has never yet been so close to positive changes. But, you see, the situation is hardly wonderful—the volume of overdue debts has reached the astronomical sum of R116 trillion while the whole of the revenue part of the budget for the current year amounts to R175 [trillion]. The fall in production, though slow, is continuing; wide structural reorganization is not as yet taking place; and investments and capital investment have been reduced to a critically low level.... Do you sincerely consider that we have passed the "low point"?

[Livshits] We are passing it now. Let us look more carefully at the rather gloomy picture you are painting. What is behind the individual manifestations. What trends are there? Let us start with the fall in production. The point is not that this fall is now very insignificant—about 5 percent (whereas last year it was 23 percent during the first quarter). It is much more important that the fall is clearly structural in nature, in other words those goods which are unnecessary or cannot compete with foreign goods cannot find a market. Just consider where the greatest fall in production is today. In sowing machines (where there is an 80 percent reduction in production compared to the first quarter of last year), television sets (70 percent reduction), and videorecorders (83 percent reduction).... What does this show? That our prices are high but our output is of inferior quality to foreign output. It is a normal sign of a market economy that you either have to find your niche or improve your technology....

At the same time there is an increase in the output of many categories of metallurgical and chemical products and so on. In other words, the economy is to a significant degree adapting to the new conditions....

[Golovachev] On the back of enormous mutual nonpayments which are only internalizing the malaise....

[Livshits] Let us pass on to nonpayments. The main question is: Do they indicate that the economic system is unviable and that we cannot work in market conditions, or does the reason for the enormous debts lie elsewhere? The real situation is as follows: Some 40 percent of nonpayments are due to the fact that the money has simply been...stolen. Another 40 percent has built up due to the unregulated nature of relations with the budget. In some places, for example, the budget owes the same amount as it is owed, and this can in principle be settled by both sides. Only 20 percent constitutes genuine nonpayments. But this 20 percent is the usual level of nonpayments even in countries with a real market economy. So the situation is far from hopeless.

[Golovachev] But who specifically is misappropriating tens of trillions of rubles—the Mafia, robbers, racketeers, or directors?

[Livshits] There are very good people in the corps of directors and management structures, but there are also those who enjoy pocketing $1-2 million through financial trickery, scams with their foreign partners, and so on. It is well known that where big money is involved, you get extensive theft.... This will not go on for ever. Serious measures are now being devised, and some have already been taken. In particular, the presidential edict on terms for settling debts has begun to "operate." In short, attention is focused on this problem.

[Golovachev] Nevertheless the tens of millions of Russians who are now below the poverty line will not be able to share your optimism....

[Livshits] The standard of living has fallen really noticeably recently, but at the macroeconomic level our potential is being built up. It is, of course, invisible to ordinary citizens, but the positive changes will soon be felt by many.

Incidentally, the business world felt the positive signs of the coming changes before everyone else. Now here is an extremely important sign—the recent statement by seven of the largest Russian banks that they are prepared to lend the government many trillions of rubles in exchange for receiving in trust for several years the state share allotment in enterprises. This is the first time this has happened during all the years of the reforms. The banks will not take risks for nothing.

To be frank, there is no getting rid of foreign companies. I don't know if I can say everything.... Well, fine, I will speak in general terms. Foreign companies propose concluding deals for tens of billions of dollars. True, they basically want not to lease but to buy as their own property oilfields, metallurgical plants, and so on. Here everything has to be weighed up and considered carefully. But the main thing is that **competition is beginning and there is speculative excitement on the threshold of the Russian market.** This is, perhaps, the most reassuring sign of future changes.

[Golovachev] Then I have this question for you: Why is it that the government's forecasts are continually failing to materialize? We were, for example, promised inflation at 60 percent by the end of this year, but it is already running at 53 percent today. It is absolutely clear that the "main aim" will not be achieved. Is the window-dressing and exaggeration deliberate.

[Livshits] It is not so much that the government exaggerates as makes errors in its forecasts. I am so sure about this because I know both the finance minister and the vice premiers personally—I have not found any of them to be "professional liars."

Now on the subject of inflation. If it does not exceed 100 percent this year, this will, in my view, be very good. Remember, it was 2,600 percent in 1992; 940 percent in 1993; and 320 percent in 1994....

[Golovachev] Why all the same do unrealistic forecasts come from the government team all the time?

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[Livshits] Well they make mistakes. This is not very good, of course, and it damages the authorities' image, though not irretrievably. The main thing is for there to be changes in real life.

In conclusion I must say that we have already gone a long way toward extricating ourselves from the deepest of crises. We are at present going through a most difficult period. At the end of this year, I hope that it will be possible to talk about the beginning of stabilization....

Text of Amendments to Profit Tax Law

MM0205163195 Moscow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 First Edition p 4

["Russian Federation Federal Law on Amending and Supplementing the Russian Federation Federal Law 'On the Profit Tax on Enterprises and Organizations,' adopted by the State Duma 7 April 1995 and Approved by the Federation Council 13 April 1995," signed by Russian Federation B. Yeltsin and dated Moscow, the Kremlin, 25 April 1995, No. 64]

[FBIS Translated Text] Article One. The following amendments and additions are to be made to the Russian Federation Federal Law "On the Profit Tax on Enterprises and Organizations" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII, 1992, No. 11, Article 525; No. 34, Article 1976; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 27, Article 2823; No. 29, Article 3010; No. 32, Article 3304):

1. In Article 1:

1) In Point 1:

in subpoint "a" after the word "including" the words "credit and insurance organizations, and also" are to be added;

in subpoint "b", after the word "clearing" the words "(current, correspondent)" are to be added;

2) Point 2 is to be supplemented by a paragraph with the following contents:

"For enterprises incorporating territorially distinct structural subdepartments not having a separate balance sheet or clearance (current, correspondent) account, that part of the profit tax which is payable into the budgets of the Russian Federation components is to be paid into the budgets of the Russian Federation components according to the location of the indicated structural subdepartments on the basis of the share of the profits attributable to these structural subdepartments, to be defined in proportion to their average payroll (labor wage fund) and the value of the basic production assets according to the procedure established by the Russian Federation government. In this the sum of tax for the indicated enterprises and structural subdepartments is defined in accordance with the profit tax rate operating on the territories where these enterprises and subdepartments operate.";

3) Point 4 is to be reworded as follows:

"4. Enterprises of all types of legal organizational forms are not liable to tax on profits from the sale of agricultural produce or game produced by them, or on agricultural produce produced and processed for their own use at the given enterprises, with the exception of enterprises of the industrial type defined according to the list ratified by the legislative (representative) organs of the Russian Federation components."

2. Point 13 of Article 2 is to be reworded as follows:

"13) All enterprises, irrespective of the results of their activity or enjoyment of concessions on taxable profit (including exemption from profit tax), the prime costs of whose products (work, services) include actual labor costs in excess of the fixed norm are to pay into the budget tax on the sum by which labor costs included in the prime costs exceed this norm.

"In calculating the excess costs included in the prime costs indicated above, labor costs which come under the types of activity according to which enterprises pay income tax are not to be taken into consideration. Peasant (private) farms, kolkhozes, sovkhozes, and other agricultural enterprises are except from paying tax on the condition that their proceeds from the sale of agricultural production of their own production exceeds 70 percent of the total sum of their income from the sale of products (work, services).

"The standard amount of labor costs of enterprises and organizations is determined on the basis of the actual average monthly labor wage of employees that is included in the prime cost of the product (work, service), but is to be no higher than six times the minimum monthly labor wage and the actual average number of employees on the pay roll. In this, the average monthly payroll includes employees on the staff and also employees performing work under contract and other agreements of a civil law nature.

"The standard amount of labor costs is augmented by payments stipulated by Russian Federation legislation (within the limits of established norms) dictated by the following factors: regional pay adjustments (including the payment of regional differentials and rated increases); the payment of the cost of collective catering provided free of charge to crew members of maritime and river vessels, air traffic controllers and crew members of aviation detachments, and fishing fleet crews; payment of the cost of uniforms and outfits issued free of charge; by expenditure on the maintenance of servicemen and enlisted men and officers of the internal affairs organs provided for under the Russian Federation Law 'On the Status of Servicemen' and the Russian

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Federation Law 'On Institutions and Organs Implementing Prison Sentences' in the section of those laws relating to the prime cost of products (work, services) as part of the wage fund [v sostave fonda oplaty truda]; by the payment of traveling expenses to and from vacation resorts for employees of enterprises and organizations situated in regions of the Far North, and also localities and remote regions of the Far North placed on an equal footing; by additional payments for work of an itinerant and peripatetic nature; by payments for carrying out shift work and field work; and also by payments from the federal budget for forming labor wage funds for mothballed enterprises and organizations and payments for mothers (or other relatives actually looking after children) in paid employment with enterprises and organizations, irrespective of the form of ownership, on leave in accordance with Russian Federation legislation to look after a child until it reaches the age of three years.

"The tax on the amount by which actual expenditure on labor costs exceeds the standard amount is paid into the federal budget at the profit-tax rate established by Article 5 of the present law, and into the budgets of the Russian Federation components at the profit- tax rates established by the organs of state power of the Russian Federation components in accordance with Article 5 of the present law."

3. Article 5 is to be reworded as follows:

"Article 5. Tax rates.

"The established rate of tax on the profits of enterprises and organizations payable into the federal budget is 13 percent.

"Tax on the profits of enterprises (including foreign juridical bodies) payable into the budgets of the Russian Federation components is paid at the rates established by the legislative (representative) organs of the Russian Federation components at a level of not more than 22 percent, and for enterprises deriving profits from brokerage transactions and deals, for stock exchanges, brokers' offices, banks and other credit organizations, and insurers, at a rate of not more than 30 percent."

4. Article 6 is to be removed, and Articles 7-15 are accordingly to be counted as Articles 6-14.

5. In Article 8:

1) In the first paragraph of Point 2 the words "in Points 4 and 6" are to be replaced by the words "in Point 5."

2) Points 4 and 10 are to be removed and Points 5-9 and 11 are accordingly to be considered as Points 4-9;

3) The last sentence of Point 8 is to be removed.

6. Point 4 of Article 9 is to be reworded as follows:

"The sums of income tax indicated in subpoints 'a' and 'b' of Point 1 of this article are paid into the federal budget, and taxes on income indicated in subpoint 'c' of Point 1 of this article are paid into the budgets of the Russian Federation components."

Article 2. It is hereby established that Point 13 of Article 2 of the Russian Federation Law "On Profit Tax on Enterprises and Organizations" is to cease operation from 1 January 1995 and be removed from the present law.

Article 3. The present federal law comes into force from the day of its official publication.

The action of the present federal law extends to relationships begun after 1 January 1995.

[Signed] Russian Federation President B. Yeltsin
[Dated] Moscow, the Kremlin
25 April 1995
No. 64-FZ

Text of Enterprise Property Tax Amendments

MM0205160595 Moscow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 First Edition p 4

[Russian Federation Federal Law No. 62-FZ adopted by the State Duma 22 March 1995, ratified by the Federation Council 11 April 1995, and signed by Russian President Yeltsin in the Kremlin, Moscow, 25 April 1995 "On Amendments and Additions to the Russian Federation Law 'On the Enterprise Property Tax'"]

[FBIS Translated Text] Article 1. The following amendments and additions shall be made to the Russian Federation Law "On the Enterprise Property Tax" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, 1992, no. 12, p. 599; no. 34, p. 1976; 1993 no. 4, p. 118; no. 14, p. 486; no. 25, p. 905; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII 1994, no. 29, p. 3010):

1. To Part 1 of Article 1:

1) in paragraph 2 the words "credit institutions" are to be replaced by the words "other credit institutions"; the words ", and also international associations and organizations engaging in entrepreneurial activity" are to be deleted;

2) in paragraph 3 the word "(current)" shall be inserted after the word "settlement";

3) paragraph 4 is to be worded as follows:

"companies, firms, and any other organizations (including unlimited partnerships) formed in accordance with the legislation of foreign states, international organizations and associations, and also their separate subdivisions owning property on the territory of the Russian Federation, the Russian Federation's continental shelf, and in the exclusive economic zone of the Russian Federation.".

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2. Articles 2 and 3 are to be worded as follows:

"Article 2. The fixed assets, intangible assets, stocks, and costs on the payer's balance sheet are taxable under the present law. Fixed assets, intangible assets, and low-value and non-durable objects are assessed according to residual value.

"For taxation purposes, the cost price of property pooled by enterprises for the purpose of carrying out joint activity without the formation of a corporate entity shall be taken into account by the parties to contracts on joint activity who have provided this property and with regard to property created (acquired) as a result of this activity by the parties to the contract on joint activity in accordance with the share of property prescribed by the contract.

"Article 3. The average annual value of an enterprise's property shall be defined for taxation purposes."

3. In Article 4:

1) Point "a" is to be worded as follows:

"a) budget institutions and organizations, organs of the legislative (representative) and executive power, organs of local self-government, the Russian Federation Pension Fund, the Russian Federation Social Insurance Fund, the Russian Federation State Employment Fund, and the Federal Compulsory Medical Insurance Fund;

bar associations and their structural subdivisions;";

2) the words "and sea produce on condition that the proceeds from the aforementioned types of activity represent at least 70 percent of the total proceeds from the sale of produce (work and services);" are to be added to Point "b";

3) Point "f" is to be deleted;

4) a Point "f" worded as follows is to be added to the article:

"f) arts and crafts enterprises;";

5) Points "g" and "i" are to be deleted;

6) Point "h" is to be regarded as Point "g" and worded as follows:

"g) which is to be used for the formation of contingency and seasonal reserves at enterprises connected with the seasonal (natural and climatic) cycle of supplies and work and also of reserves created in accordance with decisions of the federation organs of executive power and the corresponding organs of state power of the components of the Russian Federation and organs of local self-government;";

7) Point "j" is to be regarded as Point "h" and worded as follows;

"h) house and dacha construction and garage cooperatives and horticultural societies;

social amalgamations and associations conducting their activity using the targeted contributions of citizens and contributions by enterprises and organizations from the profit remaining at their disposal after deduction of taxes and other compulsory payments for the upkeep of the aforementioned public amalgamations and associations so long as they do not engage in entrepreneurial activity;";

8) Points "k" and "l" are to be regarded as Points "i" and "j" respectively;

9) Point "j" is to be worded as follows;

"j) of scientific research establishments, enterprises, and organizations of the Russian Academy of Sciences, the Russian Academy of Medical Sciences, the Russian Academy of Agricultural Sciences, the Russian Academy of Education, the Russian Academy of Architecture and Construction Science, and the Russian Academy of Arts constituting their scientific research, test and production, or experimental base;

"of state scientific centers and also scientific research and design institutions (organizations) and testing and experimental testing enterprises regardless of organizational-legal forms and forms of ownership at least 70 percent of whose work is scientific research, testing and design, and experimental;";

10) Point "m" is deleted;

11) Point "n" is to be regarded as Point "k";

12) Point "o" is to be deleted;

13) Points "l," "m," "n," and "o" are to be added to the article as follows;

"l) of enterprises and establishments sentenced to loss of liberty as punishment for a criminal offense;

m) of the Russian Federal Property Fund, the property funds of the components of the Russian Federation, rayons (excluding rayons in cities), and cities (excluding cities of rayon jurisdiction);

n) of specialized enterprises (on the list approved by the Russian Federation government) producing medical and veterinary immunobiological preparations intended for combatting epidemics and epizootic diseases;

o) of organs of management and subdivisions of the State Fire Fighting Service in the exercise of their functions as laid down by the legislation of the Russian Federation;";

14) Point "r" is to be regarded as Point "p."

4. In Article 5:

1) Point "d" of Part 1 is to be worded as follows;

"d) of ice breakers, nuclear-powered ships, and nuclear industry service ships; main pipelines, railroads, general-purpose highways, communications and power lines, as

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well as establishments intended to maintain the aforementioned installations in operational order;";

2) Point "i" worded as follows is to be added to Part 1;

"i) of the mobilizational reserve and mobilizational capacities;";

3) a Part 2 worded as follows is to be added to the article;

"The legislative (representative) organs of the components of the Russian Federation and the organs of local self-management may establish for individual categories of payers additional tax concessions within the limits of the sums paid into the budgets of the components of the Russian Federation.".

5. In Article 6:

1) in Part 1 the words "1 percent" are to be replaced by the words "2 percent";

2) Part 2 is to be worded as follows:

"Specific rates of taxation on the property of enterprises determined on the basis of types of activity of enterprises are established by the legislative (representative) organs of the components of the Russian Federation.";

3) in Part 1 the words "of the Soviets of People's Deputies of the corresponding levels" are to be replaced by the words "of the legislative (representative) organs of the components of the Russian Federation."

6. In Part 2 of Article 7, the words "in the established procedure" are to be replaced by the words "by equal shares."

7. In Article 8:

1) in Part 1 the words "to credit institutions" are to be replaced by the words "to other credit organizations."

2) a Part 2 worded as follows is to be added to the article;

"The enterprise which keeps the accounts of the assets and operations connected with joint activity provides the parties to a contract on joint activity with information on the value of property created (acquired) as a result of that activity and which remains subject to tax until the deadline prescribed for tax settlements."

Article 2. The present Federal Law is to go into force on the day of its official publication. This Federal Law will apply to legal relationships established since 1 January 1995.

[Signed] B. Yeltsin, president of the Russian Federation
The Kremlin, Moscow
25 April 1995
Federal Law no. 62-FZ

Text of Amendments to Value-Added Tax Law

MM0205082995 cow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 First Edition p 4

[Russian Federation Federal Law No. 63-FZ "On Amendments and Addenda to the Russian Federation Law 'On Value-Added Tax,'" adopted by the State Duma 7 April 1995, ratified by the Federation Council 13 April 1995, signed by Russian Federation President B. Yeltsin, and dated 25 April 1995]

[FBIS Translated Text] Article 1. The following amendments and addenda shall be made to the Russian Federation Law "On Value- Added Tax" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 52, p 1871; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII 1992, No. 23, p 1229; No. 34, p 1976; 1993, No. 4, p 118; No. 11, p 387; No. 14, p 486; SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 29, p 3010; No. 33, p 3407):

Article 4, Point 3, Paragraphs 2 and 3 shall read as follows:

"The taxable turnover of retail and public catering enterprises shall be defined as the difference between their sale prices and the prices at which they make settlement with suppliers, inclusive of value-added tax. Taxable turnover shall be defined in the same way when goods are sold at auction.

"The taxable turnover of procurement, supplies and sales, wholesale, and other enterprises involved in the sale and resale of goods, including commission and agency contract sales, shall be defined on the basis of the cost of the goods sold at prices exclusive of value-added tax."

2. Article 5, Point 1:

The following words shall be excluded from subsection "r": "work on the construction of apartment blocks regardless of their source of funding, including work performed at the population's expense in horticultural societies and dacha construction cooperatives";

the following words shall be omitted from subsection "y": "foods (barring those liable to duty) and raw materials for their production; children's goods in accordance with the list ratified by the Russian Federation Government for which a rate of value-added tax of 10 percent is established;"

3. Article 6 shall read as follows:

"Article 6. Rates of Tax

"1. The rates of value-added tax are set as follows:

"on foods (save those subject to duty) in accordance with the list ratified by the Russian Federation Government and children's goods in accordance with the list ratified by the Russian Federation Government—10 percent;

"on other goods (work, services), including foods subject to duty—20 percent.

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"2. The aforesaid rates are also applied when calculating value- added tax on goods imported onto Russian Federation territory."

4. Article 7:

1) Point 2, Paragraphs 2 and 3 shall read as follows:

"The amount of value-added tax to be remitted to the budget is defined as the difference between the amount of tax received from customers for goods (work, services) sold to them and the amount of tax effectively paid to suppliers for material resources (work, services), the cost of which is ascribed to production and distribution costs.

"The amount of value-added tax remitted to the budget by procurement, supplies and sales, wholesale, and other enterprises involved in the sale and resale of goods, including commission and agency contract sales (except for retail and public catering enterprises and sale of goods at auction), is defined as the difference between the amount of tax received from customers for goods (work, services) sold to them and the amount of tax paid to suppliers of these goods and material resources (work, services), the value of which is ascribed to production and distribution costs.";

2) The following Point 5 shall be added to the article:

"5. Foreign enterprises registered with a tax organ, when selling goods (work, services) on Russian Federation territory, shall remit and pay value-added tax in accordance with the procedure prescribed by this Law.

"Should goods (work, services) be sold on Russian Federation territory by foreign enterprises not registered with a tax organ, value-added tax is payable to the budget in full by Russian enterprises using funds remitted to foreign enterprises or other persons specified by the aforesaid foreign enterprises. At the same time, after Russian enterprises have paid the tax foreign enterprises are entitled to reimbursement of the total value-added tax effectively paid on goods imported to the Russian Federation and also on industrial material resources in accordance with the procedure laid down by the Russian Federation State Tax Service by agreement with the Russian Federation Ministry of Finance."

Article 2. This Federal Law comes into force from the day that it is officially published.

[Signed] Russian Federation President B. Yeltsin
The Kremlin, Moscow, 25 April 1995
No. 63-FZ

Edict Aims To Curb Illegal Share Dealing

MM0205134295 Moscow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 First Edition p 1

[Russian Federation Presidential Edict No. 416 "On Measures To Safeguard Investors' Interests and To Bring Legal Persons' Entrepreneurial Activity Which Is Being Carried Out in Financial and Share Markets Without the Appropriate Licenses Into Line With Russian Federation Legislation," signed by Russian Federation President B. Yeltsin and dated 26 April 1995, Moscow, The Kremlin: "Protection for Investors"]

[FBIS Translated Text] In order to protect investors' interests in Russian Federation financial and share markets and to provide a legal basis for the regulation of entrepreneurial activity to attract funds from private investors, I decree that:

1. It is the priority task of federal organs of state power and Russian Federation components' organs of state power in the sphere of state regulation of Russian Federation financial and share markets to safeguard investors' interests, notably by:

establishing legal and economic principles for the activity of investment institutions which attract funds from investors, including share investment funds;

preventing illegal restrictions on the activity of investment institutions which hinder them in fulfilling their obligations to investors;

forming a market infrastructure which ensures normal conditions for the functioning of investment institutions;

creating the organizational and material conditions for the compensation of investors' losses from unscrupulous enterprise in the financial and share markets;

terminating illegal activity by legal persons in attracting without the appropriate licenses monetary resources from physical and legal persons for storage, investment, confidential management, or other transactions;

ensuring the prompt finding and sequestration under court rulings of the property of legal persons who are operating (have operated) in the financial and/or share markets and against whom suits have been filed for failing to fulfill their obligations to investors;

instituting administrative and criminal proceedings in the prescribed manner against the persons who have created (are creating) the legal persons who are operating (have operated) in the financial and/or share markets to attract funds from investors without intending to fulfill the declared obligations.

2. Within one month the Russian Federation Government Federal Commission for Securities and the Share Market is to elaborate and submit draft Russian Federation presidential edicts on share investment funds and investment brokers.

3. The Russian Federation Supreme Court, Russian Federation acting general prosecutor, Russian Federation Ministry of Justice, Russian Federation Ministry of Internal Affairs, and Russian Federation Federal Security Service are instructed to amend within 10 days Instruction No. 34/15 of 18 October 1989 "On the Procedure for Confiscating, Registering, Storing, and

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Transferring Material Evidence in Criminal Cases, Valuables, and Other Property by Preliminary Investigation Organs and Courts," making provision for the return of monetary resources confiscated from financial companies and credit organizations to the citizens who are the owners of these resources before the investigation time limit expires or a sentence comes into legal force, if this can be done without detriment to the proceedings.

4. The Russian Federation Central Bank is instructed to set an interest charge, based on the Russian Federation Central Bank rate, on legally confiscated funds, funds earned from the sale of confiscated property, and funds confiscated by the investigation body and entered in the "Law-Enforcement Organs Deposits" balance account, as well as on funds sequestered under court rulings.

5. Within one month the Russian Federation Government is to:

consider the question of state support for the formation and operation of nonstate regional aid funds for the victims of economic crimes in order to ensure the conditions for the compensation of victims of crime for the monetary resources (part of the monetary resources) that they have lost;

submit to the Federal Assembly State Duma a draft law making it possible for courts, in actions brought by the Russian Federation Prosecutor's Office, Russian Federation Central Bank, Russian Federation State Tax Service, Russian Federation Tax Police Department, and Russian Federation Government Federal Commission for Securities and the Share Market, to preliminarily sequester the accounts and property of legal persons who are carrying out entrepreneurial activity in Russian Federation financial and/or share markets without the appropriate licenses, in order to safeguard investors' interests.

6. Russian Federation components' organs of executive power, the Russian Federation Central Bank, Russian Federation Ministry of Finance, Russian Federation State Tax Service, and Russian Federation Tax Police Department, jointly with the Russian Federation Government Federal Commission on Securities and the Share Market, are to adopt measures within three months to bring legal persons' entrepreneurial activity which is being carried out in Russian Federation financial and share markets without the appropriate licenses into line with Russian Federation legislation, inter alia by rendering methodological and organizational assistance in transforming them into proper investment institutions, and on expiry of this period are to terminate the said legal persons' illegal activity.

7. This edict comes into force on the day of its publication.

[Signed] Russian Federation President B. Yeltsin
[Dated] Moscow, The Kremlin, 26 April 1995

Yeltsin Signs Investment Protection Edict

LD0305094495 Moscow Russian Television Network in Russian 0450 GMT 3 May 95

[From the "Time for Business People" program]

[FBIS Translated Text] Russian President Boris Yeltsin has signed an edict protecting the interests of investors from the unscrupulousness of investment companies operating without a license. [Video shows Yeltsin speaking into microphones]

The State Duma passed on second reading the Bill on the Securities Market. Now all types of professional activity in the securities market have to be licensed. The main federal body supervising and regulating the market is the Federal Commission for the Securities Market.

Enterprises' Transfer to Regional Ownership Viewed

MM0205132895 Moscow ROSSIYSKAYA GAZETA in Russian 28 Apr 95 p 1

[Report by Vyacheslav Goncharov: "State Property, in Whose Hands Are You?"]

[FBIS Translated Text] In the very near future ROSSIYSKAYA GAZETA will publish a number of government decrees on the transfer of state enterprises from federal ownership to regional ownership.

This transfer is by no means a gift on the eve of the forthcoming parliamentary and presidential elections to the local administrations which will allegedly immediately privatize them with a consideration for their own interests. For three years now the formation of the state and nonstate sectors of the economy has been under way in our country. Including within the framework of the state sector—both federal and regional.

Understandably: At the federal level state enterprises remain in which national interests are invested. They include the defense industry, the nuclear industry, part of the fuel and energy complex, and so forth. Without them there will simply not be a strong state. But why keep in federal ownership poultry factories in Krasnoyarsk Kray, for instance, farming enterprises in Sverdlovsk Oblast, or rayon printing plants in Kostroma Oblast? Or medical schools and motor transport enterprises in Perm Oblast? Of course, it is more convenient to manage them at municipal level than from the relevant ministry in the capital.

This regrouping of state property is aimed at resolving three interconnected tasks simultaneously. First, the interests of the region itself are considered. Secondly, a load is taken from the ministries and departments, removing from them the enterprises which are transferred to regional ownership. Third, and this is the main thing, the manageability of state enterprises is improved.

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Incidentally, municipal housing and sociocultural establishments which were a burden on enterprises and were financed from their profits are being transferred to municipal ownership at the same time. Everything is being done to increase the manageability of state enterprises, to relieve them of excessive concerns and cars, and to orient them solely toward production.

And even when privatization ends and the private and state sectors of the economy are definitively formed, the movement of property from the federal to municipal level, from the state sector to the private sector and vice versa, will inevitably continue. But from the state viewpoint completely different aims will be pursued then—social, political, and even national. And world experience shows that it is easier, or instance, to buy from the private sector a particular sector which, as they say, has been brought to the end of its tether, to retool it, and to sell the enterprises again than it is to extinguish a social eruption, to pay large sums in unemployment benefit, and to resolve the problems of empty cities and workers' settlement. But that is in the future. We are still far from such revivals of individual enterprises and sectors.

So far, albeit with a certain delay compared with previous years, what is under way is only the crystallization of the emerging sectors of ownership. Including at state level. And the sooner that process is completed the more effective production management will be. In the opinion of Vladimir Palyutin, deputy chief of the Russian Federation Government apparatus department of property and enterprise, at least two more years will be needed for the final shake-down of the state sector. And we will have to publish many times more government decrees on the transfer of state property to the regional level. Especially as the initiative here lies with the local administration.

Poultry factories, rayon motor enterprises and printing plants are indeed better managed locally than from Moscow.

YuKOS To Distribute 40% of Profit in Dividends

MM0305102895 Moscow TRUD in Russian 29 Apr 95 p 1

[Report by Viktor Khatuntsev: "YuKOS Stays Out in Front"]

[FBIS Translated Text] The YuKOS oil company has an enormous production potential; its total current reserves are estimated at 2 billion tonnes of oil, and it has licenses for 36 oil fields. Today YuKOS consists of the "Yuganskneftegaz" extracting enterprise, three refineries, and eight regional subsidiaries supplying petroleum products. The company's interests also extend to the far abroad: It is, for example, the main exporter of Russian oil to Hungary and prospects for and extracts raw material in Peru.

When YuKOS President Sergey Muravlenko gave a report at the first shareholders' meeting on the scale of the company's activities and the prospects for its development, few people in the hall doubted that the company will surrender its position in the Russian oil sector. Although it has more than enough problems, including nonpayments and high taxes; but who at present is not a victim of them?

The shareholders adopted a decision on exchanging shares in subsidiary structures for shares in the parent company allowing consolidation of capital. It is being proposed that 40 percent of profit received this year be released as dividends on shares. A healthy profit of about 700 billion rubles is expected.

Economics Ministry Says Subsistence Level Higher

LD0205202295 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 2 May 95

[From the "Vremya" newscast]

[FBIS Translated Text] The level of subsistence in Russia has grown one and a half times since the beginning of the year and stands at present at about 219,000 rubles. According to the Ministry of Economics, the average salary is 326,000 rubles. But experts' estimates show that living standards in different Russian regions differ quite substantially. Thus, the average salary is lower than the level of subsistence in Tambov Region and the republics of Kabardino-Balkaria and Karachay-Cherkessia. On the other hand, the average salary is more than double the level of subsistence in Komi, Tatarstan, and Tyumen Region.

Agriculture Minister on Cash Shortages

MM0205121395 Moscow SELSKAYA ZHIZN in Russian 29 Apr 95 p 1

[Interview with A.G. Nazarchuk, Russian minister of agriculture and food, by Economic Section Editor Yuriy Savin; date, place not given: "Ministry of Finance Bombshell"—first paragraph is introduction]

[FBIS Translated Text] Those who are maintaining that the decline in the country's agro-industrial complex has been programmed have been having more and more proof on their side. At least, such thoughts enter your mind when you study the facts and figures cited in our correspondent's interview with A.G. Nazarchuk, Russian minister of agriculture and food, published today.

[Savin] We know that the federal budget for this year was ratified with great difficulty,and members of the agrarian faction in the State Duma had to make sure that the country would not be left without this document. But not many people know, Aleksandr Grigoryevich, how this financial plan for the agro-industrial complex is being implemented. This question is of interest to many of our newspaper's readers, as well as those who are worried about the future of the Russian countryside.

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[Nazarchuk] Yes, the budget was formed with difficulty. The agrarian deputies decided to reduce their initial demands and adopt indicators for the support of the agro-industrial complex at 1994 level. I would recall that the plan was to allocate 8.8 trillion rubles [R] for agricultural production, and just over R13 trillion in all to the agro-industrial complex.

It must be said that the sources of the revenue part of the budget are now more or less protected. That is, everything now depends on the government's activity. And in the first quarter we received around R2 trillion. We were able to pay for mineral fertilizers on time, and return part of last year's arrears in terms of subsidies and compensation.

But then something incomprehensible started to happen. At the government's 17 March session it was agreed that 60 percent of all funds for the support of the agro-industrial complex would be allocated in the first six months. Naturally, we calculated that in the second quarter we would receive R3.5 trillion. However, according to the Ministry of Agriculture and Food funding schedule, recently ratified by the Ministry of Finance for April-June, this figure has been cut to R1 trillion.

Meanwhile, all budget funds have now been allocated to various items, announced by State Duma deputies, and approved by them. Agreements are now going to rack and ruin. Of this R1 trillion, R472 billion will go on mineral fertilizers. In terms of money, it is apparently as expected. But we will receive only one-half of the actual mineral fertilizers themselves—during that period the price of mineral fertilizers has doubled.

The picture is even worse as regards other items of expenditure. Thus, of the R700 billion earmarked annually for subsidies for mixed feed, only R60 billion is being provided in the second quarter. And that not until June. But apparently no one is worried by the fact that the country today has practically no maize or oilseed cake with which to feed poultry in May. The whole sector may be destroyed once and for all.

Or how can you talk about being prepared for the harvest when instead of R1 trillion for leasing transactions, only R60 billion is being granted? Will it not be that the combine harvesters will arrive on the farms when snow is already lying on the fields?

Essentially, the countryside has been left without the basic budget funding items.

[Savin] But a commodity credit and advances being paid to commodity producers are being cited. That is apparently where farms are obtaining their main funds.

[Nazarchuk] The commodity credit has nothing to do with the funds that have been allocated for the support of the agro-industrial complex. It is granted in the form of fuels and lubricants. Although even this credit is not working properly at the moment.

I agree that profit from the sale of output, rather than the budget, should be the main source of funding for the sector, and particularly for the commodity producers themselves. And since agriculture is a seasonal sector, if credits are repealed, the law on purchases and deliveries of agricultural products envisages giving advances to the rural workers.

The source of the advances was to be the repayment of loans issued in 1993-1994 for the formation of food stocks. But only an insignificant proportion of these loans was repaid. And that stayed in the Ministry of Finance in treasury accounts.

[Savin] So how are the rural workers coping, how is the scarcity of funds affecting the state of affairs in the agro-industrial complex? And anyway, after all a Ministry of Finance bombshell may go off!

[Nazarchuk] Having found himself in a financial impasse, the agricultural commodity producer is forced to slaughter livestock to "cover" everyday problems with cash—ranging from children being born, weddings, and funerals. Something is scraped together for spare parts. Although the term "lubricating oil repair of equipment" is already in use. That is when old parts are just immersed in lubricating oil and put back into the machine. Is it any wonder that, following the harrowing, only 40 percent of equipment remains?

Our main headache is the arrears in wages. People should go to work confident that their labor will be properly assessed. But where can you get this confidence from if your earnings are not paid out for several months at a time?

Of course the countryside is working. And the weather is helping at the moment. But it is obvious that the entire vital complex of agro-technical work will not be carried out. Need it be said that this will affect the harvest?

I will note that things are proceeding differently in different areas. We are grateful to leaders of oblast and kray administrations, governments, and presidents of republics where there is money in the local budgets for supporting the farmers. But there are places, for example in Siberia, in the European Northwest, where there is unfortunately no such support.

I do not want to belittle the significance of government decrees on commodity credits, fertilizers, or the conditions for the functioning of the agro-industrial complex in any way. But I would stress once again that it has been proved many times, in all experience of farming, both foreign and domestic, that without the attraction of funds, agriculture, with its seasonal nature of production, cannot survive. Either a tough stance by the authorities—at all levels—for budget loans to be repaid, or the attraction of credits, or else other financial mechanisms are needed, but the peasant must have money.

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Agricultural Conditions Throughout Country Noted

MM0305103195 Moscow SELSKAYA ZHIZN in Russian 29 Apr 95 p 4

[Report by Tamara Maksimenkova, chief specialist at the Russian Hydrometeorology Center Agricultural Meteorological Forecasts Department: "We Are Going To Be Looking Out for Rain"]

[FBIS Translated Text] Unusually warm weather was observed on a large part of Russia's territory during almost the whole of April. Around two-thirds of the way through the month, the soil had reached spring condition south of the Bryansk-Moscow-Yaroslavl-Kirov line, and favorable conditions were created for conducting field work and sowing early grain and feed crops.

The average soil temperature at a depth of 10 cm rose to 10-13 degrees. The date of soil readiness in the southwest of the Central Region is close to the long-term average, while the northeast of the Urals Region, the greater part of the Volga-Vyatka Region, and the north of the Volga Region are ahead of time by 10-20 days.

In the northern half of the Urals Region the soil was ready to be worked 20-25 days earlier than the long-term average date!

In a number of rayons in Orenburg, Samara, Volgograd, and Astrakhan Oblasts unprecedentedly hot weather, hot dry winds, and the absence of any significant precipitation, (particularly in the second half of the month) have helped to dry out the top layer of soil. Conditions for seed germination and the emergence of spring crop shoots have deteriorated.

In the North Caucasus Region, conditions for conducting field work were satisfactory for the greater part of the month. However, for 10-18 days they were made more difficult because of heavy rain, as well as at the beginning of the month because of a fall in temperature and a slight frost in the top layer of soil.

Winter crops resumed vegetation at a period close to the usual across most of the Nonchernozem Zone. In the southern half of Russia's European territory the development of winter crops is 10-12 days ahead of the long-term average.

In the south of the Central Chernozem Region, in the southern half of the Volga Region, and in the North Caucasus Region stem growth is continuing in winter crops, while on the rest of the territory they are putting out side shoots.

The state of winter crops in Krasnodar and Stavropol Krays, in the republics of the North Caucasus, and also in the majority of the oblasts in the Volga Region is generally good, and on the remaining territory of the European part of Russia it is satisfactory.

In the North Caucasus and the Volga Regions there are 700-900 shoots per square meter, and in the Central Chernozem Region there are 500-700 (the optimum number is around 1,000 shoots per square meter). In some fields in these regions, because of damage during the winter period, crops are very sparse (fewer than 500 shoots per square meter), and they are in an indifferent state.

Moisture supply to winter grain crops is sufficient practically everywhere now. In the Nonchernozem Zone reserves of productive moisture in the arable layer of the soil are mainly 45-60 mm, and up to 70 mm in places, while in the top one-meter layer they are 180- 230 mm and more; in the Chernozem Zone the figures are 25-40 mm and 150-180 mm respectively.

In Rostov and Volgograd Oblasts, in the east of Stavropol Kray, in the areas beyond the Volga in Saratov and Samara Oblasts, and in a number of areas in Bashkiria there are 110-140 mm of productive moisture in the top one-meter layer of soil, while in Astrakhan Oblast and the south of Orenburg Oblast the figure has fallen to 60-100 mm, which is 70-85 percent of the average long-term figures.

According to a preliminary forecast from the Russian Hydrometeorology Center, in May the average air temperature in most of the Northwest and Northern Regions, the northern half of the Central, Volga-Vyatka and Urals Regions, and most of the territory of the farming zone of Siberia and the Far East is expected to be 1-2 degrees higher than the average long-term figures. On the remaining territory of Russia the average air temperature in May will be close to the long-term average. The amount of precipitation across most of Russian territory is expected to be close to the norm in May.

A shortage of precipitation is expected over most of the Central and Central Chernozem Regions and in the west of the Volga-Vyatka Region in May. Here, however, the moisture content of the soil is sufficient practically everywhere, and no significant reduction in reserves of productive moisture in the soil is expected in May. Field work will be conducted in May here without any significant complications.

The conditions for the growth and development of winter grain crops are expected to be good on most of the territory of Russia in May.

In the Lower Volga Region, where a shortage of precipitation is expected in May, the moisture content of the soil may be reduced. Here conditions for the growth and development of winter grain crops and the appearance of shoots of spring crops may deteriorate.

In the north of the Urals Region, in individual areas of Western Siberia, and in the east of the East Siberian Region the amount of precipitation in May is expected to be lower than the norm. Here measures are required to

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reduce moisture loss from the soil; the mass sowing campaign is usually conducted in the second half of May here.

In the North Caucasus Region, where the amount of precipitation is expected to be close to the norm, and where it is even expected to be above the norm in the northeast of the region, the conditions for the growth and development of winter crops and the appearance and development of shoots of spring crops remain good.

On the rest of the territory of the Russian Federation the amount of precipitation in May is expected to be close to normal, and conditions for the growth and development of winter crops, the sowing of spring crops, and the emergence of their shoots are expected to be just as close to normal.

High-Speed Rail Link Plan, Implications Examined

MM0305120495 Moscow KRASNAYA ZVEZDA in Russian 29 Apr 95 p 6

[Report by Yuriy Klenov under the "New Projects" rubric: "From St. Petersburg to Moscow in Three Hours. More Than 50 Defense Enterprises Have Been Given Orders Linked to the Development of the High-Speed Train"; from the "Russian Weapons" section]

[FBIS Translated Text] The transport situation between two Russian cities—St. Petersburg and Moscow—did not become acute overnight. This process has been building up over decades. But now it has reached critical point. The former Nikolayevskaya railroad has no reserve throughput capacity left. However, the new economic relations and the market demand extra freight- and passenger-carrying capacity.

According to the majority of specialists the ideal solution to the problem is to construct a new high-speed passenger rail link (the first of its kind in Russia). But this project, nicknamed by many people the project of the century, has sparked off quite a few debates. There have even been major arguments. So what is all the fuss about?

High-speed railroads are a new phenomenon for us. In Japan they began building them back in the sixties. Later on they became all the rage in Europe too. Initially these projects were viewed here as being of a purely domestic significance, but they soon assumed a transnational significance. That is understandable—these routes are most efficient for journeys of up to 1,200 km by day, 2,500 km by night. And this is precisely what is needed because it meets the requirement for communication between the major industrial centers in the European states.

As is happening in the present situation in Russia, the population of Europe reacted very cautiously to these projects because they were afraid of an adverse impact on the environment. However, practice has shown such mainline railroads blend in with the landscape very well and occupy a smaller area than highways. A report from the International Union of Railways and the European Rail Community has noted that electrified lines do not pollute the atmosphere. It is better to lay high-speed railroad lines through areas with a low population density, of course. But if that is impossible you can set up sound-absorption screens and resort to other solutions which minimize the impact of the railroad on people and the environment.

Now let us consider our Russian high-speed railroad. The results of the feasibility study carried out into the project by specialists attached to the Russian president's office, the interdepartmental state expert commission of the Russian State Committee on Issues of Architecture and Construction, and the Ministry of Economics State Expert Council plus an independent expert study carried out by the French company Sofrerail have been most positive.

Preparatory work is now underway on the section from St. Petersburg to Novgorod.

But this is just the beginning—the construction of the mainline railroad offers the prospect of quite a few new jobs, first and foremost in the defense sector. It has been calculated that there are around 17,500 people employed one way or another on the high-speed rail project right now at enterprises of a military character, scientific research institutes, and planning institutes. Thanks to this project, Anatoliy Sobchak, mayor of St. Petersburg, has noted, more than 50 plants in the defense complex have received major new orders. Furthermore, we are talking about high-technology industry here. Just consider the technical level of the high-speed train itself (it has already been given the name Sokol). The chief designer of the train is the Rubin Central Marine Equipment Design Bureau, which until very recently worked exclusively on secret projects connected with submarine development. The All-Union Scientific Research Institute of Transport Machine Building is responsible for designing the mechanics and the trolley. The Sokol will be built at the "Zavod Transmash" Joint-Stock Company's shops in Tikhvin.

In terms of comfort the new express will meet all the international standards. It will be able to cover the distance in three hours.

In addition to the technical aspect the project also has a social aspect. The construction and operation of the high-speed railroad will provide employment for a considerable number of servicemen discharged into the reserve. It is no coincidence that there is a special program known as "Moscow-St. Petersburg" existing within the framework of the project. In the opinion of Major General Gennadiy Siyanskiy, a member of the program's working party from the Leningrad Military District, those servicemen who are discharged into the reserve will have wide range of trades to choose from—the construction and operation of the railroad, trackside

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services, and agricultural production. Under the program it is planned to resettle 500 families in the St. Petersburg area alone, 1,500 in Leningrad Oblast, 3,000 in Pskov Oblast, and 4,500 in Novgorod Oblast.

Of course, not everything is running so smoothly. There are problems, primarily of an environmental nature. But they can be resolved. The specialists are convinced of that. All that is necessary is to approach them seriously. After all, who seriously wants to spoil the amazingly beautiful Valdayskiy Park? And the forests, lakes, and rivers the length of the route are quite simply unique.

At this point, I think, it is appropriate to mention the following fact. During the construction of the route they had to carry out...a mine clearance operation. The area was littered with...explosive devices left over from the war. Last fall alone, the sappers destroyed several hundred projectiles here.

Yes, there is a fairly wide range of opinions about the high-speed rail project. I can anticipate the arguments that its opponents will put forward: The national exchequer is empty, yet here we have yet more grandiose schemes of the century. Well, in the first place this is all feasible. And in the second, the project will be funded from non-budgetary sources. In principle those sources have already been identified.

In my view, it is impossible to disagree with Nikolay Konarev, vice president of the Russian Federation Academy of Transport; Vladimir Tulayev, general director of the High-Speed Rail Russian Joint-Stock Company; and Anatoliy Zaytsev, chief of the Oktyabrskaya Railroad; who are convinced that the high-speed railroad marks the further improvement of the country's transport system and a vital condition for its integration into the single European rail network. That is what the whole world is doing.

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International Affairs

Kuchma Arrives in Italy on Official Visit

LD0205103095 Moscow ITAR-TASS World Service in Russian 1000 GMT 2 May 95

[By ITAR-TASS correspondent Aleksey Bukalov]

[FBIS Translated Text] Rome, 2 May—Ukrainian President Leonid Kuchma arrived in Italy today on an official four-day visit. Foreign Minister Hennadiy Udovenko and representatives of Ukrainian business circles arrived with the Ukrainian president on the special plane, which landed at the government's Ciampino airport near the Italian capital.

On the first day of his visit Leonid Kuchma will have talks with Italian President Oscar Luigi Scalfaro and Foreign Minister Susanna Agnelli, meet with Pope John Paul II in the Vatican, visit the headquarters of the Confederation of Italian Industrialists, and also take part in the opening of the new residence of the Ukrainian Embassy in Rome.

President Kuchma Meets Pope

LD0205153395 Moscow ITAR-TASS World Service in Russian 1427 GMT 2 May 95

[By ITAR-TASS correspondent Sergey Startsev]

[FBIS Translated Text] Vatican, 2 May—Ukrainian President Leonid Kuchma, who arrived in Italy today on an official visit, was received by the Pope John Paul II in Vatican. The conversation which took place was focussed on the situation in Ukraine after it had gained independence as well as the present state of relations between Kiev and the Holy See. According to Joaquin Navarro Valles, head of the Vatican press service, the sides paid special attention to problems related to church treasures and religious buildings. The Holy See expressed the confidence that the forthcoming celebrations to mark the 400th anniversary of the Brest Union would strengthen the spirit of church unity, the Vatican's official spokesman said.

After the conversation with the head of the Roman Catholic church Leonid Kuchma met Cardinal Angelo Sodano, the Vatican's state secretary.

Schedule of Visits to Other Countries for VE-Day

LD0205133795 Kiev Radio Ukraine World Service in Ukrainian 1200 GMT 2 May 95

[FBIS Translated Text] Ukraine made a significant contribution to the joint effort of fighting fascism during the Second World War. The world-wide acknowledgement of this fact is shown by the numerous invitations to the president of Ukraine to take part in the celebrations of the Victory Day. The president of Ukraine has received official invitations from Russia, Great Britain, France, Slovakia, and the Czech Republic to take part in the celebrations dedicated to the 50th anniversary of the victory. However, as Minister of Foreign Affairs Hennadiy Udovenko told the journalists, Leonid Kuchma will be able to participate only in the celebrations in Kiev and Moscow. It is possible that during the visit to Moscow of the president of Ukraine on 9 May, the day of a visit of the president of the Russian Federation to Ukraine will be determined.

Unfortunately, the current internal affairs will not allow Leonid Kuchma to participate personally in the celebrations which will take place in the next few days in other countries. On 6-7 May, during the ceremonies in London and Paris commemorating the Victory, Ukraine will be represented by Minister of Foreign Affairs Hennadiy Udovenko on the instructions of Leonid Kuchma. Hennadiy Udovenko also told journalists that the anniversary celebrations in Bratislava will be attended by Yevheniy Marchuk, acting prime minister of Ukraine. In accordance with the preliminary plans, in Prague, Ukraine will be represented by the deputy chairman of the Supreme Council of Ukraine, Oleh Dyomin. As Hennadiy Udovenko stressed, the Victory Day should remind once more to the whole world about the importance of preserving peace and solving conflicts not with the help of weapons but through negotiations.

Kuchma 'Grateful' for Russian Stand on Crimea

LD0205204095 Moscow ITAR-TASS in English 2030 GMT 2 May 95

[By Alexey Bukalov]

[FBIS Transcribed Text] ROME, May 3 (Itar-Tass)—"Tension around the Crimea will do good for none. I am grateful to the Russian political leaders, primarily President Yeltsin and Prime Minister Chernomyrdin, for their well-considered and responsible stand on the Crimean problem," Ukrainian President Leonid Kuchma, currently here on an official visit, told an exclusive Itar-Tass interview on Tuesday [2 May].

In the words of the Ukrainian state head, some Russians statesmen, including Duma deputy Zatulin, are seeking political gains in view of the upcoming parliament elections and aggravate the Crimean problem. "This is at least irresponsible as regards the peoples of our states," said Kuchma.

Speaking of the Ukrainian-Italian relations, Kuchma said he is satisfied with their development. He counts on support of the Italian Government in Ukrainian admission to the Council of Europe. In the words of the president, the Ukrainian and Italian stands on expansion of NATO are close. Both sides think that there should be no hurry in this matter.

Kuchma 'Waiting Game' May Give Russia 'Upper Hand'

WS0205125895 Kiev INTELNEWS in English 0617 GMT 01 May 95

[Commentary by Olha Ansimova: "Ukraine and Russia Playing Dangerous Waiting Game"]

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[FBIS Transcribed Text] Parliament's reaction, or, rather, lack of reaction, to Simferopol's decision to run an all-Crimean referendum illustrates Kiev's penchant for procrastination—waiting as it is for the foreign political situation to become more favorable and allow it to take care of separatism at a minimum cost.

Though the recent rejection of all attempts to place measures against Crimea on the agenda was explained by Volodymyr Karmazin, who heads the ad-hoc committee dispatched to the peninsula by parliament, as an attempt to buy extra time to consult with the president, the next day, soon after parliamentary deputies met with President Leonid Kuchma, the suggestion to discuss Crimea was rejected again due to lack of votes. Neither comments nor more detailed explanations were provided.

Given that parliament is due to soon recess, the next time parliamentary deputies will have a chance to discuss Crimea will be no sooner than two weeks from now, when sessions resume on May 16.

This procrastination, even if not directly masterminded by Kuchma, coincides with his interests.

United States President Bill Clinton is scheduled to officially visit Kiev on May 11, after he attends the Moscow observance of the 50th anniversary of the victory over fascism. President Kuchma hopes the United States will somehow facilitate the signing of a comprehensive treaty between Ukraine and Russia. Moscow continues to put off the treaty—the cornerstone of which would be the parties' acceptance of the inviolability of each other's borders. Moscow has been doing its share of stalling on this seemingly innocuous provision, hoping to wait for the situation in Crimea to change as separatism there gains strength.

In Moscow's view, this waiting game will help Russia gain the upper hand. Russian President Boris Yeltsin said while vacationing in Sochi that Moscow will not sign a comprehensive treaty with Kiev unless Ukraine "settles all problems pertaining to Simferopol with the interests of Crimeans being taken into account." Russian Foreign Minister Andrey Kozyrev went even further, sending shock waves through Ukraine and other former Soviet states by saying that Moscow is determined to defend the interests of ethnic Russians residing abroad even if that means resorting to "the use of force."

Kuchma revealed his reliance on future support from Clinton when he suggested publicly that a third party may be involved in improving Ukrainian-Russian relations. A statement he made last week to journalists also supports the theory that he hopes that the United States will mediate these relations, as U.S. Deputy Secretary of State Strobe Talbott offered earlier this month when he visited Kiev. "Today, Ukraine is being least understood by Russia, a little bit more by the Council of Europe, and best of all by the United States," Kuchma said.

As for the possible decisions Kiev is likely to take with respect to Simferopol, their range is broad and may include the most radical measures. According to the Crimean parliament's recent resolution ordering the referendum, Crimeans may express on June 25 their opinion on the suspension of their Constitution by the Ukrainian parliament, as well as the Ukrainian law that established Crimea as an autonomous republic in the first place. In other words, the inhabitants of the peninsula may determine the status of Crimea—whether it should be a sovereign state or an autonomous republic within Ukraine.

According to the Ukrainian law, decisions on issues affecting national sovereignty or changing the borders of the state cannot be made locally. They must be passed through a national referendum. The decision of whether to hold a national referendum is exclusively within the jurisdiction of the Ukrainian parliament. The Crimean parliament, having made such a decision locally, has exceeded its power and, in so doing, provided Ukrainian parliamentary deputies with a legal excuse to dissolve it.

The Crimean parliament's appeal to Russia's president and parliament to monitor their referendum in order to protect the rights of the ethnic Russian minority in Ukraine has worsened the situation. The request obviously was made to gain the support of Moscow and invite the Russians to put up or shut up regarding their vow to protect Russians living outside of Russia.

Three possible decisions are evolving in Ukrainian parliament regarding the Crimean predicament. The most radical is to abolish Crimea's status as an autonomous republic. Another decision could be to dissolve the Crimean parliament as a whole. And finally, parliamentary powers could be withdrawn from those Crimean parliamentary deputies who violate Ukrainian laws. The choice to be made have reverberations that will be heard around the world.

Kuchma on International Relations, Trade

BR0205135995 Milan IL SOLE-24 ORE in Italian 30 Apr 95 p 3

[Interview with President Leonid Kuchma by Sergio Rossi in Kiev; date not given: "My Ukraine Looks to Europe"]

[FBIS Translated Excerpt] [passage omitted]

[Rossi] How do you see the new Ukraine's role in Europe?

[Kuchma] As a European state, it is only natural that Ukraine should make every effort to participate with full rights in the joint European processes, and particularly in political and economic policy and the creation of an effective security system. We hope to become full members of the Council of Europe this year. We are stepping up cooperation with the EU and NATO, in connection with which we attach great importance to participation in the "Partnership for Peace" program. We have great confidence in the OSCE. The key principles in the

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Helsinki process, primarily territorial unity and the untouchability of existing borders, must serve as the basis for interstate relations and as a guarantee of peace and stability in the area.

[Rossi] Will you succeed in getting on well with Russia?

[Kuchma] We both need friendly, good-neighborly relations. We have too many bonds to be able to afford to set destructive processes in motion in our relations. If the leaders of the two countries have the will to find mutually acceptable solutions, without prejudicing their counterpart's interests, patience and common sense will see us through.

[Rossi] What support do you expect from the West?

[Kuchma] We really rely on help from the West—financial, technical, political, and moral support as well—at this decisive time for reform. We need it to resolve the most serious problems, such as power supplies, propping up our national currency, and protecting the weakest strata of society. First and foremost, we need financial support to cover the balance of payments deficit, which is running at $5.5 billion. The agreements we have reached with the IMF, the World Bank, the EU, and the G7 countries, and the rescheduling of our debt with Russia, which remains the Ukraine's major creditor, confirm the headway our reforms are making.

[Rossi] Ukraine's economy is beginning to show the first signs of recovery, despite the the reforms being opposed by the more conservative forces, particularly in parliament. How much weight do those forces carry?

[Kuchma] The first signs of recovery, as you said, sound like something spontaneous and natural, but we can all imagine what a great effort it has taken, first of all to change our people's mindset after decades of living in the illusion of a "bright future" and being used to the economy being handled by bureaucratic administrators. One of the major factors in boosting the reforms is currently support from society and the lack of rigid divisions between the various branches of power. Parliament's examination of the bill on "state power and local administration" is the litmus test that will reveal exactly where the majority of deputies stand on the absolute need to implement the president's economic program announced last October, approved by parliament, and supported by the international finance organizations, G7, and the EU.

[Rossi] What about the Communists?

[Kuchma] As always, some left-wing deputies, primarily the Communists and Socialists, favor utopian political and economic dogmas. They currently exert a strong influence, although they do not have the absolute majority I believe that common sense will win the day among the deputies as well, and I expect society to give the president broad support for economic reform.

[Rossi] Will the great privatization plan take off, and will foreign investment play a part?

[Kuchma] Without privatization and a radical reform of property rights, it would be impossible to change over to a market economy, so, as president, I have to get rid of the obstacles and give the green light for privatization, sometimes without waiting for votes in parliament, which require long debates and legislative procedures. We intend to use the legal framework created by the presidential decrees for speeding up the process to privatize 8,000 large and medium-sized businesses and to complete the privatization of small businesses in 1995. Nevertheless, changes in ownership are no guarantee of overcoming the crisis and achieving economic growth, so a structural reorganization, a technical modernization of the old firms, and the creation of new businesses will be needed to achieve competitive manufacturing. But this can be done in a short time only if there is investment, including foreign investment. We have passed various laws in Ukraine to create a legal framework, not only to regulate foreign investments but to safeguard their rights. Sad to say, we have seen no substantial increase in them to date. However, I think that Ukraine's recent agreements with the international finance organizations with a view to underwriting economic change will pave the way for foreign investment as well.

[Rossi] What prospects do you see for developing relations between Italy and Ukraine, particularly in the economic sector?

[Kuchma] We have ample opportunities for working together on both economic and political matters. Trade between Ukraine and Italy inreased by almost 150 percent in 1994, although it is still a long way from reaching its full potential. Italian businesses are investing increasingly in various sectors of the Ukrainian economy, from power to the metallurgical industry to consumer-goods manufacturing. The metalworking, food, and wood-converting industries are other sectors ripe for joint ventures. We are interested in projects on a vast scale, such as the reconstruction of the Zaporozhe aluminum processing plant, the coproduction of light tanks and their engines in Ukraine, and swords-to-plowshares projects. We are also interested in setting up a help-and-advice system to organize conferences and seminars jointly with foreign businesses on experience in property reform in the privatization of small and medium-sized enterprises, the privatization of enterprises with reference to aspects of the stockmarket, and industrial relations.

National Affairs

Envoy to U.S. on Clinton Visit, Crimea, Russia

WS0305090095 Kiev INTELNEWS in English 0356 GMT 3 May 95

[Interview with Yuriy Shcherbak, Ukrainian ambassador to the United States, by Christine Demkowych;

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place and date not given—first two paragraphs are INTELNEWS introduction]

[FBIS Transcribed Text] Yuriy Shcherbak began his career in Ukrainian politics as an environmentalist. In May 1986, shortly after the Chernobyl explosion, his visit to the contaminated zone surrounding the plant moved him "to tell the world the truth about the disaster"—an obligation he fulfilled by writing a book called "Chernobyl, A Documentary Story" and by speaking out on podiums throughout the former Soviet Union and the world. He went on to become one of the founders of Ukraine's Republican Ecological Green Party and, later, the country's environmental minister. He began his career in diplomacy in 1992, when he became Ukraine's ambassador to Israel.

President Leonid Kuchma put his own stamp on Ukraine's foreign policy last October when he appointed Shcherbak to represent Ukraine in Washington, one month before Kuchma's November visit to the United States. INTELNEWS Publisher Christine Demkowych spoke recently with Shcherbak regarding Ukraine's relationship with the United States and the expectations aroused by the upcoming visit of U.S. President Bill Clinton to Ukraine.

[INTELNEWS] How would you describe relations between the United States and Ukraine?

[Shcherbak] Only now, after being in Washington five months, do I fully understand my post and its importance. Every day I feel my involvement in Ukraine's history and how my post here has an impact on the significance of events throughout the world, in Europe. I say this in light of the fact that the United States is a superpower... the other superpower no longer exists. The United States is at the center of world politics.

We are now in a phase of very active Ukrainian-American cooperation. President Kuchma's visit to the United States last November led us to this stage. And this, I must stress, is completely connected to President Kuchma's announcement of Ukraine's radical economic reform program, a program which the United States supported. They understood the historical significance of the program.

[INTELNEWS] How would you compare Kuchma's U.S. visit in November with President Clinton's upcoming trip to Ukraine?

[Shcherbak] In the short time between the two visits, about five months, very important events took place; events that further developed various aspects of our cooperation. Our hope and desire is that President Clinton's visit in May is not just a courtesy call—although that has symbolic significance for Ukraine—but is filled with new content. We hope to achieve new agreements, that agreements will be signed and that our cooperation will enter another new stage of cooperation

[INTELNEWS] Why is Clinton spending an entire day in Ukraine this time? Last time he only stopped at Boryspil Airport for a quick meeting with [former President] Kravchuk.

[Shcherbak] Well , I don't think you can compare his short and, to a large degree, dramatic stopover at Boryspil Airport , which initiated changes in our relationship, with his upcoming visit. President Clinton's visit in May will be an official visit of a well-known world leader, who will be honored with all the pomp, protocol and honor to which a world leader is entitled.

[INTELNEWS] Where will the talks take place?

[Shcherbak] In Marinsky Palace. Very important talks will take place between the president of Ukraine, the Ukrainian government and President Clinton. This visit will differ sharply from previous visits of American presidents. I will tell you that the first visit (of an American president to Ukraine) should have been that of President Eisenhower. If you remember, at that time an American pilot was shot down over the Soviet Union and so the visit was canceled. The second visit was of President Nixon, when he was brought to Ukraine. This was a visit in which Ukraine was not at all viewed as an independent country, but rather a province of the Soviet Union, as simply one of the localities President Nixon was to visit briefly. The third visit was that of President Bush. I remember his speech in Parliament and his speech at Babiy Yar. Well, you know how unfortunate his speech in Parliament was. It's possible it cost him the presidency because the Ukrainian community in the States voted against him.

The next visit we already mentioned; the short stopover (last year) at Boryspil airport by President Clinton. He had a very important discussion (with President Kravchuk) which had symbolic significance. The president stopped first in Kiev before flying onto Moscow, where the tripartite agreement (between Ukraine, the United States and Russia) was signed.

President Clinton's trip in May will be the first wide-ranging visit of a U.S. president to Ukraine. A president, I must emphasize, who did more for Ukraine than anyone, than any U.S. president. We hold President Clinton's administration in high regard. It was during Clinton's administration that a fruitful cooperation and partnership between Ukraine and the United States began.

[INTELNEWS] What will be the main focus of this visit ?

[Shcherbak] I think that two main problems will be discussed. Problems related to our bilateral relations in the political sphere, including the problem of Ukraine's national security, and economic issues, which will be a top concern. I think this visit will focus on President Kuchma's economic reform program. There will be a major appraisal of his reforms. During President

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Kuchma's visit to the U.S. last November, discussions were held about our future reform plans and our good intentions.

Today we have the first results of those discussions and everyone is convinced that President Kuchma's economic reform program, saddled with its many difficulties, is being implemented. There already are certain positive results from the program, particularly from a financial, macroeconomic perspective. It is developing dynamically in such important areas as the agricultural sector. I think the appraisal from the U.S. will be positive because we always hear this during high-level meetings.

We expect this visit to be a very important and very joyous event, especially because Ukraine obtained a stand-by loan, a stand-by credit worth $1.9 billion which is essential for stabilizing our currency. I anticipate that President Clinton will announce additional aid for Ukraine. It is difficult to predict what the sum will be, but we are anticipating this. We hope there will be an announcement about the opening of credit lines from the United States to Ukraine's Eximbank. This is very important and necessary for financing the purchase of agricultural equipment. We are in desperate need of American combines. We need herbicides, pesticides and chemicals in order to develop the agricultural industry. These types of economic issues will take up a large part of the visit .

[INTELNEWS] Do you have any clue as to what the aid amount will be?

[Shcherbak] Not yet. You know, when someone visits you as a guest, he tries to surprise you. He comes bearing a gift. I think there will be an announcement of certain sums.

[INTELNEWS] Has no figure been mentioned, even among Ukrainian officials?

[Shcherbak] In principle the United States has already given us a gift, because their share in the aggregate stand-by credit to Ukraine comes to $250 million, more than 20 percent... just as they had promised. Of this total, $130 million will be allotted for agricultural development programs. Therefore, we have already received a very large assistance package from the United States. Last year close to $1 billion was committed for Ukraine and this year we received the aid. Intensive aid continues through such organizations as USAID. The programs are evolving and we are proposing new programs and they are being evaluated, assessed.

[INTELNEWS] Turning away from the upcoming Clinton visit for a moment, I wanted to ask you about Strobe Talbott's recent visit to Ukraine. While in Kiev he said the United States is ready to mediate any disputes between Ukraine and Russia if both countries request it? Does Ukraine want such help from the United States?

[Shcherbak] There are problems that Ukraine would prefer to solve with Russia by itself because such difficult problems like the Black Sea Fleet are our problems. But in terms of the decision for us to receive the stand-by credit, well this is a complex problem because Ukraine's debt to Russia in the amount of $2.5 billion was restructured by Russia in exchange for Russia's receiving a stand-by credit of $6.5 billion. In other words, they didn't cancel the debt, they postponed it. That was a big relief for us. This was done with the participation of the United States. The U.S. was not a mediator, but it was a complex operation in which the U.S. played a huge role in Russia's getting the stand-by credit. By helping Russia get this credit, the U.S. helped Ukraine. By mobilizing money for Ukraine, the U.S. will help Ukraine pay its debts to Russia. This doesn't eliminate other situations in which negotiations can be held. A very good example of this is the tripartite agreement that was signed last year. This was a momentous occasion, when three countries agreed to specific issues related to the liquidation of nuclear arms. This is a good example of how common problems can be solved collectively.

[INTELNEWS] Do we need U.S. involvement in situations like Crimea?

[Shcherbak] I can't really say what Kiev's official position on this issue is. At this point, I haven't seen signals that we need U.S. involvement in Crimea. I met with the U.S. deputy secretary of state and with members of the U.S. National Security Council when we were having problems in Crimea. At that time the American administration said officially that Crimea is part of Ukraine. We appreciated this—their understanding and their declaration. I also feel that these declarations and statements became known in Russia, and discussions are possibly taking place regarding Crimea with Russian leaders. We highly regard Russia's position with regard to Crimea, because (Russian) Deputy Prime Minister (Oleg) Soskovets led the discussions in Kiev regarding the Crimean situation very constructively, so we didn't have problems, but understanding.

[INTELNEWS] Would Russia agree to U.S. participation in Ukrainian-Russian relations?

[Shcherbak] I don't believe we have a situation presently that requires a peacemaker. We do have problems, but this is completely understandable during this stage of nation building. While the interests of our countries can be common, there are differences. We are two different countries. I believe the most fruitful road is of bilateral discussions between Ukraine and Russia. We have gone down difficult roads before without American intervention. We have the text prepared (of a friendship and cooperation treaty), agreements that are a compromise, and are suitable to both sides. The only problem that remains is for President Yeltsin to come and sign.

[INTELNEWS] When will this happen?

[Shcherbak] Well, you know , this has been postponed. I mean this could take place at the beginning of May. As of now, there is no official announcement. We will wait .

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The treaty of friendship and cooperation is a very important document and we worked on this without American participation. We know how to solve problems like the Black Sea Fleet problem and Sevastopol. Complex discussions occurred with both countries, both delegations finding roads to overcome these problems.

[INTELNEWS] In the event that Ukraine would want to have U.S. participation, would Russia be opposed?

[Shcherbak] I don't know of any examples in which U.S. participation is needed. If a concrete situation arises, then we will see. I have already given examples of indirect U.S. involvement, because economic problems are mutual problems and they are being resolved.

[INTELNEWS] There has been considerable controversy in Ukraine over its military doctrine and whether Ukraine should allow participation in military blocs. Will Ukraine ever join NATO and under what circumstances?

[Shcherbak] Let's remember one fundamental fact which eliminates this problem. Often we forget about this. Today, there can be no discussion about Ukraine's participation in NATO and the same applies to the "Tashkent Bloc," because Ukraine is currently obligated by its 1990 declaration of state sovereignty to remain a neutral country. This is a constitutional norm, and can be changed only by a (parliamentary) two-thirds vote. Nobody has seriously tackled the problem of changing the statute. If this issue comes up, certain people can block it and some may go in the other direction. I believe it would be very complicated to attain a two-thirds vote on such a dramatic problem, at this point. This is not practical.

We are constantly discussing these problems, because we are thinking of what will happen in the future. Naturally, we must think about how to safeguard Ukraine's national interests. We are afraid that Ukraine could fall between the two military blocs. On the table I have a map in which boundaries are marked for Poland, Slovakia and Hungry, possible members of NATO, and this is a rather large section of Ukraine's boundary. We know that Russia categorically opposes the expansion of NATO. We are aware of this, and discussing and studying the information devoted to NATO's problems, but, as of today, we cannot say that Ukraine is contemplating entering NATO. But we are participating in the Partnership for Peace program. There will soon be a joint American-Ukrainian training exercise in the Yavoryskyy area of Lvov oblast. I think that this is neutrality, but an active neutrality. Active neutrality, a neutrality that foresees Ukraine's participation in all European structures, is very important. We want to be members of the Council of Europe and the European structure. In addition, President Kuchma's position and politics differ from his predecessor in that President Kuchma's is more pragmatic. We don't have to cut off our natural neighbors with whom we have large and complex links. We also share a large mutual boundary. Our industry is tied to the industry of Russia and the former Soviet Union.

While today this is an abstract question, we must act on the concrete historical situations that come about. Of course, today's situation is not permanent. Things change. When Ukraine's neutral status decision was taken, we stated that Ukraine was the first republic in the former Soviet Union to leave the military structure of the Warsaw Pact. That was very important at the time. It's important to note that this neutral status was maintained and is being maintained. However, this can change in certain scenarios. There could be a sharp internal policy shift in Ukraine, such as uniting with the Tashkent bloc or, the opposite, directed towards the West—NATO.

I don't see a need to change Ukraine's status today or tomorrow. Naturally our Parliament could change this constitutional norm and it may be put to a referendum . This is a very important question. It depends on the internal political and external political situation prevailing in and around Ukraine at the moment.

[INTELNEWS] Prosecutor General Vladislav Datsiuk said recently that Ukraine's government is planning to begin prosecuting Yukhim Zvyahilskyy and nine others who were connected to the alleged embezzlement of proceeds from sales of Ukrainian jet fuel. Do you think Ukraine has approached, or will approach, Israel for Zvyahilskyy's extradition despite Israel's law of return?

[Shcherbak] I believe that we must act, first of all, in accordance with Ukrainian laws, and the factual evidence available on this case. The prosecutor's office has substantiated that laws have been violated and has filed appropriate charges. If earlier there was only talk of an investigation, today there exists an actual lawsuit. However, as former Ukrainian Ambassador to Israel, I almost do not believe in the possibility of Zvyahilskyy's being extradited to Ukraine, because my guess is that Zvyahilskyy has been granted Israeli citizenship. The law of return, a number one constitutional law in Israel, grants every individual of Jewish nationality who lands in Israel the ability to obtain an Israeli passport upon arrival, which would automatically make such a person a citizen of Israel. This automatically diminishes his chances of extradition, given that no specific agreements on handling such issues have been signed by Ukraine and Israel. I have heard that in some cases—this is a side remark, not connected to Zvyahilskyy's case—Israeli authorities permit investigators to visit Israel and contact particular Israeli citizens who have been accused of crimes. I have been told that several detectives from Russia have been allowed to do this, but I have never heard anything about someone being extradited from Israel as a result.

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Leftist Governor on Kuchma Relations, CP

954F2161A Kiev PRAVDA UKRAINY in Russian 18 Apr 95 p 2

[Interview with P.A. Kupin, chairman of the Lugansk Oblast Council and first secretary of the oblast committee of the Communist Party, by Vadim Fomenko; place and date not given: "Will the 'Red Governor' Blush for His Comrades?"]

[FBIS Translated Text] This is a unique case. Not only in Ukraine but in all the countries of the CIS and the postcommunist countries of Europe also there is no other person who is simultaneously leader of an oblast, as chairman of the council, and first secretary of the oblast committee of the Communist Party. Journalists' interest in P.A. Kupin, who combines these two offices in his native Lugansk region, is perfectly understandable, therefore.

[Fomenko] Is it not difficult, Petr Aleksandrovich?

[Kupin] You bet! After all, all the parties and organizations of a right persuasion made a run at me, as to a red rag. Inventions, defamation, distortions of all my speeches, every conceivable label, and the most sophisticated means of compromising me were set in motion. And since the recent Communist Party congress the attacks have become even more furious, what is more. A "red governor" is a thorn in the side of the right—they are trying at all costs to drive a wedge between myself and the president and the government and parliament even. They have gone so far as to create a shadow oblast executive committee, which just sits there and exults if something goes wrong.

[Fomenko] How are your relations with the president taking shape?

[Kupin] I cannot complain. After all, we do not get into political discussion—we talk only about business, only about the economy. I speak with him frequently on the telephone and meet with him in person and consider him a very progressive individual. He is constantly proposing to the forces of the left: Let's find a solution together! It was no accident that in his recent appeal to the Supreme Council Leonid Kuchma emphasized once again that he would maintain a regular dialogue with all parties, including those of an opposition focus. A consultative-advisory body—the Public Chamber—is even being created in the Office of the President for a broadening of interaction with the parties.

[Fomenko] So you are prepared for compromise? But why, then, speaking at the recent Communist Party congress, did you reject it?

[Kupin] Nothing of the sort! I was trying to show that there can be no compromise in strategy or in ideology, but in tactics and procedures, as much as you like. This is how we operate in our oblast. Before discussion in the oblast council executive committee of the possibilities of a way out of the economic crisis, for example, I assembled the leaders of all the ill-assorted parties and asked that we find a solution together. And, if you can imagine it, many submitted very intelligent proposals.

[Fomenko] But the question of power that Kuchma has raised—is this methodology or ideology?

[Kupin] I am convinced that the entire national economic complex needs a strict new system of power and administration like we need the air we breathe. There should be one integral vertical line in the state and an indissoluble horizontal line of executive power. Such power can and should be headed by the present president. The Supreme Council should retain—and the deputies need to agree with this—exclusively law-making activity.

But individual provisions of the law on power do not jibe with the Constitution of Ukraine. They are geared to the elimination of the councils as organs of genuine democracy, and this is a strategy with which we cannot agree today.

[Fomenko] Who are "we"?

[Kupin] Primarily the communists. Whereas in Kiev Oblast and Kiev City together there are approximately 5,000 of them, with us there are over 12,000. The oblast has 25 seats in the Supreme Council of Ukraine, and communist deputies hold 19 of them. In the oblast council, on the other hand, communists constitute only 22 of the 75 deputies. On the other hand, we have an opposition that has formed organizationally in the shape of the People's Rukh of Ukraine, the Democratic Revival Party, the Ukrainian Republican Party, and the Congress of Ukrainian Nationalists.

I consider the existence of an opposition a normal phenomenon. For if you subtract opposition from democracy, you are left with dictatorship. For this reason I aspire to open dialogue when decisions are being prepared even: in deputies' commissions and clubs and in televised debate, at a roundtable, in the press, and so forth.

I am convinced that now is not the time for political showdowns. I regard as an anachronism the staging of various "exposure" protests like the recent picketing of the Ukrainian Parliament. You simply feel ashamed of the street abuse which the pickets carried on their placards and posters.

[Fomenko] Following the Second Communist Party of Ukraine Congress, the rebukes that were heard leveled at the communists most were that they had understood nothing, had learned no lessons, and had declared themselves the successors of the Bolshevik Party of the past. What do you think about this?

[Kupin] There is no getting used to the bad language leveled at us. But it is clear to everyone that the past cannot be restored. This is understood by both right and

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left. Had our opponents given the new party program adopted at the congress if only a cursory read, they would understand that you cannot step into the same river twice. The truth will be on the side of those who halt the catastrophic impoverishment of the people and the stratification of society. I was recently in China as part of an official delegation and was persuaded yet again that this can be avoided.

[Fomenko] How are the Chinese managing this?

[Kupin] First and foremost, the economic reforms Chinese-style are not only and not so much privatization. They signify an open door policy, assertive investment activity, the collectivization of state property, the development of agricultural production, and state support for the branches that produce rapid returns.

[Fomenko] Denationalization is not a panacea, then?

[Kupin] No, it is merely a means of increasing the motivation to labor. It is not, after all, a question of what forms of ownership and management there are at the enterprises. The main thing is whether economic interest is awakened among the employees of these enterprises, whether they can manage this property efficiently, and whether there will be a return to man's slavish exploitation of man.

[Fomenko] But the Lugansk region embarked on privatization soonest of all....

[Kupin] Yes, but "haste makes waste," as they say. The progress of privatization in the oblast testifies convincingly that the economy cannot be reformed by a simple redistribution of property. Some 112 facilities have been privatized in the oblast in two years, mainly via leasing with the right to purchase. The sale of state property both at auction and on a competitive basis has been employed rarely. But this is what is interesting: Whereas the total value of the privatized assets has constituted 690.7 billion karbovantsy, 331 billion karbovantsy of privatization certificates have been used. Only 51 open-type stock companies have been formed and the sale of the stock of these facilities organized in the privatization process.

The domination of this approach has deprived large numbers of the citizens of the right to their share of state property, and social safeguards have become impossible. The disintegration of the departmental social sphere is assuming frightening proportions: Preschools, health and fitness camps, hostels, and palaces of culture are closing. And all because the new proprietors are unwilling to maintain them. They are without the least pity evicting pharmacies, stores, and public catering enterprises from the premises they are leasing, trampling the interests of those who actually created them.

[Fomenko] But perhaps the privatized enterprises have set an example of prudent management and have moved the economy forward?

[Kupin] Alas.... Following the November price liberalization, some of them have altogether gone bankrupt. Having obtained the right to sell their products at contracted, frequently high- monopoly, prices, they set wages without restrictions. Take it, I don't want it. But this stimulated a growth of prices, and a further increase in November was no longer possible on account of the reduced demand for the products. Nor did the privatization in the construction complex produce the anticipated results. We have 102 such enterprises, but only three secured a growth in the amount of construction and installation compared with last year. A number of enterprises of construction materials industry have ceased to exist altogether since privatization.

[Fomenko] What about the reform of property in the countryside? Is land reform needed?

[Kupin] Yes, it has long been urgent. But it should be as balanced as possible and must be conducted skillfully and flexibly, account being taken of the mood of the bulk of rural workers. A mechanism which makes it possible to preserve the strong collective and state agricultural enterprises is needed. Let us not fool ourselves: They are the principal and virtually the sole sources of the formation of food resources. And the social development of the villages? It is no secret, after all, that the main burden in the construction of housing and various social facilities and the supply of gas to rural localities is borne by the collective farms. How could the farmer take this on today?

[Fomenko] And, in conclusion, a question "to backfill": Do you not regret having undertaken to pull two carts?

[Kupin] No. If the law permits the combination of these offices, why not take advantage of it? I want to do everything possible to ensure that the electorate not blush for me. I am convinced that I shall not be blushing for my comrades.

Donetsk May Day Demonstration Calm 'Despite Expectations'

WS0305090495 Kiev INTELNEWS in English 0356 GMT 3 May 95

[FBIS Transcribed Text] Donetsk, May 2—Despite expectations of Donetsk trade union leaders that May Day would become an impetus for action against what they called President Leonid Kuchma's anti-popular policy, Monday [1 May] proved to be a calm day.

Union hopes for a more active demonstration went unfulfilled despite a 12,000-person column of marchers that paraded along Donetsk's main street.

To prevent skirmishes and provocation by belligerent camps of democrats and leftists on May Day, unions set up workers' guard posts. Trade unions displayed banners that read, "Worthy living conditions for working people."

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Communist Party branch leader Heorhiy Buyko appealed for the rally to give a no-confidence vote on President Leonid Kuchma.

The Donetsk oblast council used the demonstration to remind the central government that freedom-loving Donbass is still alive and is ready to fight for more independence.

Regional trade union leader Vasyl Khara was certain mass rallies would peak on May 2. However, after the signing of a deal between Khara and Donetsk oblast council chair Volodymyr Scherban backing Kuchma's reforms, trade unions were forced to scrap the idea of rallies as a means to voice their protest against policies of the president and government.

No workers walked out on April 25 when trade unions appealed for a five-minute warning strike.

Trade Unions Hold Anti-Ukrainian Rally in Nikolayev

LD0205132195 Kiev UNIAR in Ukrainian 1205 GMT 2 May 95

[FBIS Translated Text] Nikolayev—A rally was held at the initiative of the Regional Federation of Trade Unions and pro-communist political parties on 1 May near the Lenin monument. About 2,000 participants made their way to the square under red banners and slogans saying: "The best Ukrainian is a dead one". Anti-Ukrainian and anti-presidential slogans were heard. Anatoliy Kinakh, chairman of the Regional Council, was met by shouts of disaffection.

The participants in the rallies approved a resolution sharply criticizing the activities of the president's team and of individual council leaders in the localities.

Tsekov Declines To Comment on Police Firing on Car

LD0305110295 Moscow ITAR-TASS in English 1040 GMT 3 May 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL May 3 (Itar-Tass)—Crimean parliament chief Sergey Tsekov's car, the number plates of which are well known in the republic to all traffic inspectors, was fired upon by Crimean traffic police on April 30. Tsekov was not in the car.

According to police, the car driver exceeded the speed limit and did not obey a signal to stop. Traffic police riding Zhiguli cars caught up with Tsekov's Volga car and motioned the driver to stop but the driver did not respond. Then Police Senior Lieutenant Andrey Gogulskiy fired on the car wheels.

Tsekov, in an Itar-Tass interview, confirmed the incident but said he would not like it to be hyped and declined to comment on traffic police actions because he had been absent from the scene.

Since the beginning of the year, Crimean traffic police used firearms almost 25 times to stop violators of traffic regulations.

Crimean Appeal Assures 'Normal' Conditions

AU0205133595 Kiev URYADOVYY KURYER in Ukrainian 27 Apr 95 p 2

["Appeal by the Government of the Crimean Autonomous Republic"]

[FBIS Translated Text] As UKRINFORM has learned, the Government of the Crimean Autonomous Republic sent an appeal to O. Moroz, chairman of Ukraine's Supreme Council; Ye. Marchuk, Ukraine's acting Prime Minister; I. Rybkin, chairman of the State Duma of the Russian federation; and V. Chernomyrdin, head of government of the Russian Federation. The appeal reads as follows:

"The Government of the Crimean Autonomous Republic, having assessed the situation that has taken shape, points out that the confrontation within the Supreme Council and the unwillingness on the part of individual Crimean deputies to work in accordance with Ukrainian laws are not a reflection of the moods and expectations of the majority of Crimean citizens.

"The republic lives at a normal rhythm; the most difficult winter period has passed without complications for the national economy or population; foundations for the new harvest have been laid; enterprises function; and Crimean health resorts are ready to receive guests.

"The government is taking all the necessary measures to organize the uninterrupted work of all types of transport and food supply for the Crimean population and guests. Towns and resort facilities on the southern shore of the peninsula have a guaranteed water supply. The sanitary-epidemiologic situation is good.

"We invite residents of Ukraine, Russia, and other near and far countries to spend their holidays in the hospitable Crimean land, as in previous years. You are always welcome here."

French Proposal for Chernobyl Said Conducive to Explosion

WS0205130195 Kiev VECHIRNIY KYYIV in Ukrainian 27 Apr 95 p 1

[Article by Yakiv Zhyhaylo: "The 'Sarcophagus' May Explode If Work at the 'Shelter' Facility Is Conducted According to France's 'Resolution' Without Chemical Safety Guarantees"]

[FBIS Translated Text] I would like to remind our readers that the explosion at the Chernobyl nuclear power plant occurred nine years ago as a result of the

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accumulation of huge quantities of a dangerous explosive mixture of hydrogen and air. The nuclear reactor emitted—in the form of dust—such enormous quantities of uranic fuel and products of its fission, that not only was the territory of Ukraine polluted, but also that of other European countries. To my regret, there still exists a danger of a potential chemical explosion at the "Shelter" facility, which is literally stuffed with long-life dust-like radionuclides—cesium, strontium, plutonium, and uranium isotopes with an aggregate quantity of no less than 20 tonnes. We should not forget, however, that the power plant's ruined fourth power unit is also filled with numerous chemical substances which formed during the explosion and subsequent fire, and as a result of aerial drops of sand, lead, and other substances from helicopters to stop the fire's spread and to halt the emission of radioactive substances into the atmosphere.

The Ukrainian Government, recognizing the international scale of the environmental disaster, has held a competition to solicit international ideas for transforming the "Shelter" into an environmentally safe system. A majority of participants in the competition suggested only a new, "more safe" shelter for the remains of the fourth power unit. None of them, however, has provided a mechanism for the liquidation of the dangerous materials inside. The French "Resolution" company, which won the competition, proposed that both tasks be resolved complexly: According to the company, such an approach will enable for the complete dismantling of the ruined nuclear power unit.

However, provisions for chemical safety were not reflected in the company's proposal. As we know, a hydrogen explosion initiated the accident and resulted in the destruction of the fourth nuclear power unit. Throughout the explosion and fire, all the necessary conditions developed—including high temperatures, a regenerating environment [vidnovlyuvane seredovysh-che], and the presence of carbon, nitrogen, and many metals—for the production of great amounts of carbides, nitrides, and other explosive substances. All these substances and molten sand filled up dozens of rooms located under the reactor. Upon contact with moisture (which is always present in air) these substances emit explosive gases (hydrogen, acetylene, methane, various carbo-hydrates, ammonia, and their mixtures) which react with other gases (oxygen and nitrogen), following the aliphatic reaction pattern, resulting in explosions of great destructive power. The point is that the French company's proposal, which calls for the hermetic sealing of the "sarcophagus," creates all the conditions for the accumulation of explosive gases in the halls and the development of many chemical aliphatic reactions.

I believe that there exists a large physical-chemical risk—which has not been predicted by anyone so far—of an acetylene, hydrogen, or methane explosion. Work at the "Shelter" facility must not begin without researching the chemical factors that can cause an explosion and working out methods for their neutralization. Not only do we run the risk of wasting huge amounts of money, we may also create preconditions for new accidents with an eventual fallout of tens of tonnes of radioactive dust. The "Shelter" facility has withstood nine years of operation, and it was designed to serve for 40 to 50 years. However, if mechanical activities are initiated in the rooms located under the reactor (and this cannot be avoided if the French company's project is to be implemented), the "sarcophagus" may blow up, given that uranium and barium carbides, that were probably produced during the fire under ultrahigh temperatures as a result of a sintering reaction, can detonate on impact, friction, heating, or self-ignition of atomic hydrogen and other explosive gases that are being produced in powerful gamma-radiation fields.

We should keep in mind that, as a result of the Chernobyl tragedy, thousands of people have been handicapped, and hundreds of thousands have become migrants, demanding great care and huge expenditures from the government. To resolve the issues connected to the Chernobyl accident and the Chernobyl nuclear power station, a comprehensive state program should be drafted. The implementation of that program is of great international importance, and that is why Ukraine needs tangible assistance and not declarations or ultimatums from Western states. Chernobyl is an international problem and tragedy. Ukraine is in dire need of advanced technologies for the cleaning up of nuclear and chemical accidents. If the Western states, G-7 members, and others fail to realize the full scope of danger of an unprofessional, negligible attitude toward a comprehensive Chernobyl cleanup, the West, too, will have to pay the price. President Kuchma was right in saying that Chernobyl is not the right place for groups of French, German, or British companies to make insincere and unnecessary declarations. I wish that officials of the powerful G-7 and those responsible for Ukraine's nuclear security paid closer attention to those words.

Chernobyl Experts Call For 'Considerable Financing'

AU0205181095 Kiev URYADOVYY KURYER in Ukrainian 27 Apr 95 p 2

[Report by Valentyna Kokina: "Common Misfortune"]

[FBIS Translated Text] **On the eve of the ninth anniversary of the Chernobyl catastrophe, Ukraine's Ministry of Foreign Affairs held a news conference for Ukrainian and foreign journalists with the participation of leaders of the Supreme Council Commission for Issues of the Chernobyl Catastrophe, the Ministry of Chernobyl, the Ministry of Health, and other departments and organizations that have to deal with problems of eliminating the consequences of the accident at the Chernobyl nuclear power station.**

The issues raised at the news conference did not just concern the shutdown of the nuclear power station, but

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also the social protection of the population, improvement of its health, provision for the people affected by the accident with medical services, their evacuation from contaminated territories, the timely payment of compensation, the provision of ecologically clean food, and so on.

Broadly speaking, over 3 million people in Ukraine have been affected by the Chernobyl catastrophe of whom about 1 million are children. Even though in 1986, over 91,000 people falling into the category of victims were evacuated from 76 populated areas, at present, over 2.5 million people, of whom over 700,000 are children, reside in contaminated villages and towns.

Unfortunately, considerable financing is necessary to solve the Chernobyl problem. In the present difficult economic situation in the state, fewer and fewer funds are being channeled into the Chernobyl Fund.

Meanwhile, according to the specialists, Ukraine is approaching a period when the incidence of disease, associated with the Chernobyl disaster, will sharply increase. Even today, the incidence of disease among adult residents of the contaminated areas has doubled and among children has increased 1.5 times compared with 1986. The incidence of diseases affecting the thyroid gland has increased seven to 10 times among children and 10-15 times among adults. As a result of diseases, more than 43,000 people have been registered as disabled.

The leit-motif that sounded at the conference was that Chernobyl is not exclusively our anguish. This problem is a complex one, and it must not be tackled on our own, but by the entire world through the agency of international organizations.

We must also do a lot in the Chernobyl nuclear power station estrangement zone with its almost 800 temporary sites of burial of radioactive waste and coolant lake. The mouth of the Pripyat River also requires constant attention. Large amounts of cesium-137, strontium-90, and plutonium nuclides are concentrated there. This may lead to contamination of the Dnieper and, as a result, about 30 million residents of Ukraine who consume drinking water may be under threat.

To prevent this from happening, stringent control is necessary over the Chernobyl station and its 30-km zone and concerted actions in building a reliable sarcophagus over it.

Volodymyr Yatsenko, chairman of the Supreme Council Commission for Issues of the Chernobyl Catastrophe, and other specialists assuaged journalists' doubts about the safety of the sarcophagus in the event of an earthquake or some other natural disaster by asserting that there are estimates by seismologists. The sarcophagus can withstand a tremor measuring four or five points on the Richter scale. However, eight points means death. Although such things only happen once in 10,000 years. Still....

Nine years have elapsed since the catastrophe. Much has been done to eliminate its consequences. Amendments to the Chernobyl legislation are presently being prepared. However, the main thing is to have the laws function.

Economic Issues

Two Western Bids for Odessa Oil Terminal Project

WS0305090595 Kiev INTELNEWS in English 0356 GMT 3 May 95

[FBIS Transcribed Text] Odessa, May 2—Two Western construction consortiums put their names into the hat as potential contractors to build the Odessa Oil Terminal.

Politicians in Kiev and the Odessa regional government last week held a seminar examining the project with two potential contractors. The first group consists of the Swiss company S.B.M., the British A.P. Kenny and the Italian Saipim. The other group is represented by Safic (U.S.A.) and two unnamed French companies. Reportedly the Americans have made a more expensive offer, primarily because the Safic team plans to employ steel pipes while the SBM group proposes plastic ones.

According to the terms of the tender, the winning contractor must develop a complex which will "consider all factors ranging from ecological to technical. The facility will be constructed 25 kilometers inland. ...Oil from tankers will be transferred via two steel pipelines."

The project is designed as a major petroleum transshipment point in the port of Yuzhniy, not far from and in addition to Ukraine's only existing oil terminal, in Odessa. There remains opposition from different sources: environmental groups which fear increased pollution in the Odessa bay, Odessa port authorities who presently monopolize all oil going in or out, and Russian nationalist groups who argue that the Yuzhniy terminal will aim at importing oil from the Middle East, while Siberian oil is closer and cheaper.

Capacity of the terminal is planned in initial stages to be 40 million metric tons per year. The new terminal is scheduled to be operational in 1997. Total value of the project is estimated at $3 million to $5 million.

Finance Minister on Budget Implementation

954F2158A Kiev NEZAVISIMOST in Russian 14 Apr 95 p 3

[Article recorded by A. Andriyenko: "Minister of Finance Petro Hermanchuk: The Most Difficult Thing Remains—To Implement This Budget"]

[FBIS Translated Text] What in fact is new in the 1995 budget, and how does it differ from the previous one? During 1992, 1993, and even 1994 (recall the sensational story concerning the deficit-free budget), the budget was

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still compiled to a significant degree to order and according to the situation that was unfolding in the country. The unambiguous demand of President Kuchma, which was supported by the government and, accordingly, the Ministry of Finance and all the departments involved, is to lay out a budget in workable indices.

The main task—first and foremost—is to assess our financial capabilities and our financial revenues realistically—both in the state budget and in the budgets at other levels. That is, first of all, establish available financial resources, and form the expenditures part of the budget accordingly.

This fundamentally changed the organization of compiling a budget. Previously we formed a financial base, orienting ourselves on implementation of the economic and social development plan and the indices set forth in this plan. The president's edict changed the situation radically. The formation of financial resources was put in first place. We will look the truth in the eye: The country and each one of us can live only within the context of what we have, and we must not count on more. Thus, an absolutely new interpretation of the deficit emerged for the first time in the budgetary practice of our young state. While formerly its size—no matter what it was—did not have any significance in principle, everything was covered owing to credit issuances of the bank. It is known where this led: increased prices, inflation, etc. And in the final analysis—a lowering of the people's real incomes and the purchasing power of the karbovanets...

Some in the session hall of the Supreme Council, and not only those in it, claim that the size of the deficit—7.3 percent of the gross domestic product—was established to please the International Monetary Fund and other world institutions. This is absolutely not true! The 7.3 percent figure is conditioned by the real sources for covering the deficit. There are essentially three such sources.

Unfortunately, we are not in a position today to refuse the credit of the National Bank, which amounts to 182 trillion karbovantsy. But this is within the scope of the initial issuance, which corresponds to macroeconomic indices. That is, this money is in circulation, and it should guarantee the normal functioning of the Ukrainian economy.

Another source—and I want to emphasize that this is the first formation of a budget in our experience—is credit from outside.

In addition, auctions of securities backed by government guarantees have already been held here twice. There were more than a few skeptics. They thought that we (the Ministry of Finance was responsible for this matter) were not capable of organizing the auctions. What happened? An example—in the second auction the offer amounted to 2,208 bonds at a nominal value of 100 million karbovantsy each. Bids came in for 19,121 bonds. What can be deduced from this? That a real demand exists for state securities. The only thing that is required from the government and the Ministry of Finance is unconditional fulfillment of their duties. We will do everything to ensure they fulfill them. We hope in the future to offer on the securities market that is now being formed bonds issued by the state, including through the securities market, for six months, three months... Practice is showing what broad prospects are opening up here. After all, in just three hours of the second auction, 238 billion additional karbovantsy were received. I think that such auctions should be held weekly.

Here is one more feature of the formation of the 1995 budget. Its entire income part was compiled taking into account those legislative acts that have already been approved, or that are being developed by parliament, including the value added tax and the taxation of citizens. You will recall how much was said about the need to remove the tax burden from enterprises to give them an opportunity to replenish circulating resources. The president and the government treated this with understanding, and they went from taxing income to a tax on profits, although this step reduced budget revenue by approximately 167 trillion karbovantsy. This enormous sum will now be left at the disposal of enterprises.

We also came out in support of lowering the value added tax rate from 28 percent to 20 percent (minus another 200 trillion karbovantsy). A number of changes being proposed in the taxation of citizens will decrease budget revenues by yet another 50 trillion. We also rejected such an income source as the 25 percent amortization of withholding for the budget, which will go for the renewal of the main production funds of enterprises.

Imagine how difficult it was to balance budget income and expenditures. But I want to emphasize once again: We mentioned the need to come as close as possible to the real expenditures and incomes.

Differences emerged when parliament in the first reading examined the budget proposed by the president. But they were practically removed. The deputies understood the president and the government. In the final analysis, the 1995 budget was passed. And the resolution on its implementation was passed. But this is only a very small part of the work, although extremely important, exceptionally detailed, and difficult. After all, behind each calculation and specific figure there is the immense work of specialists. Not only of the Ministry of Finance, but also of other ministries and departments. We worked fruitfully with IMF specialists (of a very high level). Practically all the calculations that they conducted according to their methodology coincided with ours. Now the main thing remains—to implement this budget.

We have already finished planning our work in the plan of implementing the requirements contained in the president's annual report to parliament. A substantial part of what was outlined is directed at the income part of the

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state budget and the budgets at all levels. At the cautious, economic, and effective use of budget resources.

An exceptionally delicate question that caused a lot of arguments is the settlement of mutual relations between the state budget and local budgets at all levels. This problem is characteristic of any country in the world, inasmuch as it directly concerns territories and is associated with the formation of the state budget and general state expenditures. All territories want to receive maximum receipts from general state taxes and collections, while at the same time have as few expenditures as possible at the general state level and as much as possible at the local level. Today we have 11,500 budgets at all levels. In the opinion of Ministry of Finance colleagues, in a situation when the financial base of each of the regions is different it is practically impossible to draw up a budget through a base level—city, rayon, etc. This will lead to a delay in the receipt of general state taxes and will practically limit the ability of the state budget to finance the centralized needs, for example, of numerous special-purpose programs that it is necessary for us to implement today. We think that an approach is needed in which the maximum amount of taxes remains at the territorial level in order to balance all expenditures according to standards calculated according to a single methodology for all regions. So that there will be no misunderstandings. It is inexpedient to confiscate incomes from local budgets for the central budget in order to grant financial assistance later through distribution, through subsidies, and through grants. It seems that all the oblast councils support us in this regard.

Second Debt Obligation Auction Held

954F2158B Kiev KIYEVSKIYE VEDOMOSTI in Russian 18 Apr 95 p 6

[Article by Aleksandr Shtolko, VEDOMOSTI: "NBU Bonds Are Increasing in Price. So, They Are in Demand"]

[FBIS Translated Text] The NBU [National Bank of Ukraine] conducted a second auction last week for the sale of state loan bonds to legal entities. In comparison with the first auction, which was held a month ago, the demand rating for the state loan bond grew significantly. As was announced by Vitaliy Migashko, chief of the NBU capital market and exchange office, all the 2,228 bonds that were offered for sale were sold. An interesting point was noted: In comparison with the first auction, when bonds were sold at a discount and did not exceed the nominal price of 100 million karbovantsy, this time they were sold at a premium. The average price of one bond was 108.220 million karbovantsy.

The method of accepting competitive and noncompetitive bids was continued at the auction. Their number amounted to 15,185 and 3,936 respectively. The cutoff price was set at the 108 million karbovantsy mark. The number of participants increased. While at the first auction only 12 commercial banks tendered 22 bids, this time the number of banks increased to 35, and the number of competitive bids reached 15,185, and the others—3,936. In the words of Andrey Litvin, chief of the securities administration of the Ministry of Finance, the remainder of the bonds from the first auction were sold. In the opinion of Vitaliy Migashko, the interest of commercial banks in state securities indicates increased trust in them (on 31 March the state paid out income of 7 million karbovantsy each on the bonds sold in the first auction), and also a lowering of inflationary expectations.

An interesting detail came to light—a secondary market in state securities has begun to take shape, inasmuch as income on 10 bonds sold in the first auction was paid to a secondary holder. In addition, Russian banks showed an interest in the auction; however, they did not take part in it. Vitaliy Migashko reported that the NBU intends to establish some privileges for banks that participate in auctions: the opportunity to use attracted resources (i.e., to act on the instructions of a client or to use his money for purchases), and also to receive NBU credits on the pledge of purchased securities.

All told, half the amount of securities planned by the NBU and the Ministry of Finance was placed in the two auctions. The budget received 239 billion karbovantsy from the second auction. This year issuances for 17.5 trillion karbovantsy are planned owing to securities.

Shcherban Presents Coal Reform Ideas

954F2157A Kiev GOLOS UKRAINY in Russian 14 Apr 95 p 3

[Report on interview with Volodymyr Shcherban, chairman of the Donetsk Oblast Council of People's Deputies, recorded by Yuriy Dotsenko; place and date not given: "Volodymyr Shcherban: The Giant—the Miners' Donbass—Will Straighten Its Cossack Shoulders"]

[FBIS Translated Text] Donetsk—One and the same thought has been bothering Volodymyr Shcherban, chairman of the Donetsk Oblast Council of People's Deputies and a Ukrainian Supreme Council deputy, lately; one and the same question has been on his mind. A conference is held, for instance, on the problems of the coal industry or metallurgy, but the content of all the discussions—frequently long and tense—boils down to one thing: We are in a disastrous situation; give us money, give us funds! A request the oblast council chairman hears dozens of times a day. But most frequently he hears it in miners collectives.

What is the solution? Our interlocutor—V.P. Shcherban, oblast council chairman and people's deputy of Ukraine—tries to answer this and other questions.

We Finance Others While Pushing Our People Into the Pit

Things are indeed not going well for the miners these days. The main indicator—production—is steadily

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declining. For instance, in comparison with the 1990 indicator it has dropped off by 33 million tonnes. Miners' working conditions have worsened considerably; the share of manual labor has increased. Specialists-professionals and professional miners are leaving the mines. And what is happening with the issuance of wages! It is already April, but the miners have only just received one-third of February's wages.

I and like-minded colleagues are convinced, and this is supported by numerous expert economic analyses, that only a serious infusion of investment can save us from an inevitable curtailment of coal production in Donbass. This is why we believe it necessary to continue to work actively on luring—or dragging, if you wish—our mines into the system of market transformations. Otherwise nobody will need Donetsk—meaning Ukrainian—coal, and even at home it will be displaced by imported fuel. Things are already moving in this direction: Our metallurgists and the power generation sector are planning at the state level to considerably increase the volume of purchases of Polish and Russian coal. That is, whether we want this or not, as a result Ukraine is practically financing the coal sectors of other countries. While our own, domestic sector, is deep in the pits... But life itself tells us that there is practically no alternative, and there can be none, to the revival and development of the national coal industry. We do have the potential: more than enough mines, and coal reserves other countries can only dream of. And most importantly, people: highly skilled personnel, third or fourth generation miners, who currently work in the worst mining-geological conditions one can imagine.

Why Do We Need a Regional Input-Output Assessment?

It is already clear today that the coal industry's recovery must be implemented simultaneously with radical actions on reforming the entire national-economic complex of Ukraine. I think that an anticrisis step in this direction will be to conduct at state level intersectoral, interregional, and interstate input-output assessments. In keeping with the Donetsk Oblast Executive Committee directive, we have begun this work.

Why do we need a regional input-output assessment? First of all, we will be able to get a clear idea and understanding of our production capabilities and needs and define the proportional correlations between the segments of a complex economy. It will give us a real ability to come down hard on inflation, because one of its main reasons is the disproportion between the component parts of the industrial-financial system. And most importantly, we will be able to free the flow of money, break the fallacious practice of reciprocal trillions in arrears between miners, metallurgists, and the coke by-product and power generation sector.

The method of input-output assessment is not new at all. It was the starting point in the United States during the great crisis in the 1920's-1930's; postwar Japan began with it. For us, its importance is in that we will finally figure out how much coal, and of what grade and variety, we need in order to meet the demand of the fuel and power generation complex, the system of material and technical supply of enterprises in all sectors, and the population. And then, on the basis of this set of data, we can build financial plans, form a price-forming mechanism, and deal with the problem of making our coal and metal competitive.

At the foundation of this is first of all the production cost of a tonne of coal. We have calculated that in order for our metal to do well on the world market, the miners should sell coal to coking enterprises at no more than $36 per tonne. Today the price actually is as high as $60. Of course, the difference should be compensated. But how? Only by the principle of distributing it between the state budget and all interested enterprises and organizations. The level and share of partners' participation in compensatory payments can be determined by the volume of electric power consumed by them. We will clearly set a maximum allowable price for each tonne of coal we produce. Thus, miners collectives will have to reduce production costs by economic, civilized methods, and increase production. The principle—the more you produce, the more you earn—will begin to operate.

When we have exhaustive data on the demand for coal, we will view our production capacities from a new perspective and find out whether we have too many or too few mines; we will have the ability to plan on a serious scientific basis the amount of investment needed. And at the same time factor in, for instance, an increase in the level of mechanization of all categories of mining works, the question of mining safety, and social problems.

On Sources of Investment

Practice shows convincingly that we will not be able to skirt such painful questions as closing or mothballing some mines. If we know in advance how many walls we will have to close down, we could take care of the people in time, structurally reorganize and change specialization of production, and create new jobs this way.

So we do have a multitude of problems... And all of them need to be dealt with, which is what we are trying to do. Here is one of the most burning. There is no question that the state budget alone cannot bear the burden of financial support for the coal industry. Which means we have to look for investors. This is a very difficult undertaking. But we already know of potential investors. First of all coal-related industries: power generation, metallurgy, the coke by-product industry, machine-building. We hope to get considerable help from foreign and domestic capital working in the sphere of metallurgy and the fuel and power generation complex. And the mines too, having stabilized their operations, will be able to borrow from the state and commercial banks.

For its part, the state has to make sure that investing money in Ukrainian coal becomes a profitable undertaking for investors and bring taxes on this money down

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to a minimum. Finances will flow into coal faces only when the owners of the capital become convinced that the mines have complete economic independence. This cannot be disregarded, or at least it would be incompetent and shortsighted to do so. Because we are talking here about bringing order to organizational managerial structures in keeping with the new economic realities.

How can we accomplish this? We envision a whole set of measures. First of all we need to analyze the special characteristics and capabilities of every mine on the basis of its coal reserves. And only then decide which are stronger and capable of working effectively on their own, and which should remain part of production associations. A score of very large mines will become part of concerns, joint enterprises, and financial-industrial groups, formed on the basis of a well-known principle: coal—coke—electric power—metal. This reorganization will make our main sector more flexible and better adapted to the changing economic conditions.

For a Famous Slogan To Work

There is no longer any doubt today that denationalization of the coal industry is an objective process dictated by life itself. But actually the state is simply unable to maintain the coal industry in its current condition. Which means that the sector has to reform its property relations. Of several stages, we see as the first converting the mines, associations, and concerns to joint-stock holding. In the process, all housing and municipal service facilities and the social sphere must be transferred to municipal ownership. At the same time, a market infrastructure will form: investment companies, commercial banks, exchanges, supply and distribution organizations. Only then will actual privatization begin. Both the state and the mine collective, and the collective of a supplier enterprise, may become investors purchasing stock. Yes, we supported the initiative of the Kommunist and Imeni Zasyadko mines' collectives regarding privatization of their enterprises. Let us see how it goes from here; we desperately need experience.

I am convinced that the strategic effect from the coal industry's move into market relations will be that every worker will feel a conscious need to work conscientiously and very productively. We will finally come close to implementing the famous slogan "To Each According to His Labor!" and will put an end to the notorious and tenacious leveling.

All social support funds probably should be formed on a targeted basis, and means should be accumulated in personal accounts. After some time, the lazy ones will have one amount, and hard workers—a completely different amount. Is this not a powerful incentive to work? Especially considering that the miners themselves hold this opinion. Or take this situation: A retiring miner transfers to his son his block of stock in his home mine. I think this provides a real opportunity for the progeny, the heir, to strengthen the financial position and wealth of his family.

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Belarus

Deputy Minister on Conventional, Nuclear Disarmament

WS0305102095 Minsk DOBRY VECHAR in Belarusian 26 Apr 95 p 2

[Interview with Deputy Foreign Minister Andrey Sannikaw by BELINFORM correspondent Alyaksandr Lyushkevich; place and date not given: "Andrey Sannikaw: 'We Expect That Our Problems Will Be Understood'"—first paragraph is DOBRY VECHAR introduction]

[FBIS Translated Text] **The chief of the Belarusian Foreign Ministry has a new deputy. This office has been taken by experienced diplomat Andrey Sannikaw. Andrey Alehavich has been working in the Foreign Ministry since 1981. He was in charge of issues concerning the United Nations, international security, weapons control, as well as of other issues, including Belarusian relations with Poland and Lithuania. He represented our Republic in NATO and at various conferences on international security and disarmament. He graduated from the Moscow Diplomatic Academy. Before this current appointment, he worked at the Belarusian mission in Geneva.**

[Sannikaw] My responsibilities, as before, include supervising issues concerning international security, weapons control, international organizations, West Europe, and the United States. The current situation, however, is quite complicated: Our complications with disarmament, or more precisely, with expenditures for disarmament, appeared as early as 1991, after our Republic had adopted the Declaration of State Sovereignty. At that time, we burdened ourselves with the great responsibilities of the former USSR in this area. While addressing a conference in Switzerland, I once compared the Republic of Belarus to a newborn baby: Although it has no clothes, it is already equipped with all kinds of arms, ranging from conventional to nuclear weapons. Nevertheless, having assumed the great responsibilities, our state has been treating them very seriously from the very beginning. Throughout all these years we have been expecting that Belarus' leading role in the area of disarmament would be noticed by Western countries. It has been noticed, but, unfortunately, not as much as we would have liked.

[Lyushkevich] However, for some reason, we have just recently stated that we are suspending the implementation of the [Conventional Armed Forces in Europe] Treaty.

[Sannikaw] I think that we should have done this even earlier. Our country's demilitarization should by no means be only our concern. It was not us who created this large group of troops on our territory, and stockpiled all these weapons here to set up a curtain between "us" and "them." It seems strange to me that assistance in this area is being linked with political developments in our Republic. In my opinion, the process of disarmament and corresponding assistance should not be linked with anything. By the way, all of Europe will win if we destroy our conventional weapons and reduce troops quickly. The number of troops and weapons will thus be reduced in quite a large part of Europe. We, therefore, have the right to count on assistance, primarily from NATO countries.

[Lyushkevich] It would certainly be incorrect to say that our Republic has not received anything....

[Sannikaw] We have indeed received certain assistance, though it has been inadequate for our problems. After we suspended the destruction of conventional weapons, the Foreign Ministry has already held a meeting with ambassadors from NATO countries, and I think that they understand our stance, and that we need cooperation. I hope that this will be reflected in real politics and real assistance.

[Lyushkevich] Andrey Alehavich, how are the agreements on reduction of nuclear weapons in Belarus being implemented? Has our Republic's share coming from the sale of enriched uranium to the United States been defined?

[Sannikaw] There is a timetable for withdrawing nuclear weapons. This process is proceeding according to this timetable, and should be concluded in 1996. As for our share, it has not yet been defined. In my opinion, the share of Ukraine and Kazakhstan has not yet been defined either. In this case, our situation is similar. The United States made the following condition to Russia: The uranium will only be purchased after Russia, Belarus, Ukraine, and Kazakhstan sign appropriate agreements among themselves. I think that the negotiating process is proceeding normally, and highly qualified experts from various Belarusian institutions are participating in it, who will make everything possible so that our country receives an appropriate share. In general, we have so far made no concession regarding things to which we can lay claims.

[Lyushkevich] On what should we count?

[Sannikaw] I would not like to cite any specific figures so far. I think, however, that these figures will be substantial. Moreover, there are various options for us to receive our share.

[Lyushkevich] When may these negotiations end anyway?

[Sannikaw] Although I would not like to make any forecasts either, I hope that they will end this year.

Ministry Rules Out Sending Troops to 'Hot Spots'

WS0205144495 Minsk ZVYAZDA in Belarusian 28 Apr 95 p 1

[Report by the Belarusian Defense Ministry "specially" for the RID agency: "Belarus' Position Remains Unchanged"]

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[FBIS Translated Text] **A conference of defense ministers from CIS countries recently ended in Moscow, at which a number of issues concerning military-technical cooperation in the framework of documents on collective security were discussed.**

The ministers discussed the establishment of a military-technical committee subordinated to the Council of Defense Ministers, as well as a joint system of antiaircraft defense. Careful attention was paid to the issue of settling the Tajik-Afghan and Georgian-Abkhazian conflicts; over 10 forms of participation for stabilizing the situation in "hot spots" were defined; and peacekeeping forces' powers were extended until the end of this year. It is surprising that Tajikistan, with its 5-million population, has not managed to establish its own armed forces over the three years of its sovereignty, and that it only relies on support from other sovereign states.

Belarus' stance—and this was particularly emphasized by the defense minister at a recent meeting of the Defense Ministry Collegium—remains unchanged and clear: Not a single Belarusian soldier or officer will participate in any conflicts outside the borders of our Republic. This line, to which the Belarusian president and Supreme Soviet adhere, reflects the will of the Belarusian people. Our Republic's participation in settling any conflict may only concern technical aspects, though even this issue must be carefully studied, the defense minister said.

Government Sums Up 1st Quarter Economic Results

WS0305102295 Minsk ZVYAZDA in Belarusian 29 Apr 95 p 1

[BELINFORM report: "Reforms Need Management"]

[FBIS Translated Text] **The government held a meeting chaired by President Alyaksandr Lukashenka at the Cabinet of Ministers on 27 April. During the meeting, the national economic results in the first quarter of this year were summed up, and issues concerning the achievement of tasks aimed at overcoming the protracted economic crisis were discussed. Also discussed was the implementation of the state budget and measures for reducing its deficit. Minister of Economy Heorhiy Badzey and Finance Minister Pavel Dzik presented reports on this issues.**

It was noted that the implementation of the program for urgent measures somewhat eased crisis phenomena in the first quarter of 1995. GDP and industrial production decreased tree times less than in the corresponding period of last year. In March, many indicators remained unchanged or even increased compared with February. The budget deficit did not exceed 1 percent of GDP. Positive trade and payment balances were also secured. A number of large-scale welfare measures were implemented.

Nevertheless, the socioeconomic situation in our Republic remains extremely tense. The inflation rate is much higher than it was envisioned in the program for urgent measures. Given the current stabilization of the ruble's exchange rate, this adversely influences exports of ready-made products, and may affect hard currency revenues.

Higher costs of production and trade have resulted in ceaseless increases in prices, which, in the opinion of our state leader, should be stopped. We should think about people, Alyaksandr Lukashenka repeatedly emphasized, and reforms need management. He suggested that, while taking into account current economic realities, bank discount rates should be lowered in the process of refinancing, and strict control over the use of raw materials, materials, fuel, and energy used to produce consumer goods and services should be introduced.

The situation requires, the president said, that the producers decisively abandon the idea of increasing prices for goods in hope that this will improve producers' lives. This is one of the reasons behind the lack of working capital and chronic nonpayments. We now can, and must, conduct payments among companies by circulating bonds.

Government members, who addressed the Cabinet of Ministers meeting, presented a number of proposals and expressed their opinions on resolving everyday problems of our country's economy.

Investment Fund Inspection Shows 'Breaches'

WS0105091995 Minsk BELAPAN in English 0700 GMT 1 May 95

[FBIS Transcribed Text] The checkup of the activity of the specialized investment funds [SIF's] that deal with accumulating inscribed vouchers has been completed. During the inspection, a number of breaches were revealed in the activity of the SIF "ReformaTrust," the First Republican Investment Fund, and some others. It was pointed out that the funds had taken a wait-and-see policy and did not work in practice.

The majority of them have unsatisfactory financial conditions. In order to put SIF's activity in order, to stimulate the development of the investment sector, and to protect the interests of small investors, the organs, occupied with the checkup, have recommended not to allow SIF's all operations with inscribed vouchers, which are collected in exchange for SIF's shares, with the exception of payments for the shares of enterprises under privatisation; to ensure the placing of accumulated vouchers on a competitive basis, to prohibit the exchange of vouchers for SIF's shares at a price, inadequate to the nominal one (taking into account indexation), and to stipulate for a system of insurance of shareholders' deposits.

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Kazahhstan

Pavlodar Refinery Receives Oil From Russia

LD0205190795 Almaty Kazakh Television First Program Network in Russian 1400 GMT 2 May 95

[FBIS Translated Text] The Pavlodar oil refinery has been working in circulation mode for several months, not producing output. Now the refinery is approaching its rated capacity. It receives 40,000 tonnes of oil from Siberia a day. Its partners assisted in intensifying work at the enterprise by making a contract for the supply of raw materials from Russia. The partners are the Austrian (Razetta) company and the Russian (Sedanka) and LUKoil companies. Villagers hope that fuel will soon be available in sufficient quantities.

Text of Edict on Republic Referendum

954F2167A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 28 Mar 95 pp 1-2

["Edict of the President of the Republic of Kazakhstan with the Force of a Constitutional Statute: On the Republic Referendum"]

[FBIS Translated Text] In accordance with Article 74 of the Constitution of the Republic of Kazakhstan and Article 1 of the law of the Republic of Kazakhstan of 10 December 1993 "On Temporary Delegation to the President of the Republic of Kazakhstan and the Local Administration Chiefs of Supplementary Powers," I issue for the purpose of establishing the procedure of the organization and execution of a republic referendum this edict.

Chapter I. General Provisions

Article 1. Concept of the republic referendum

The republic referendum is a nationwide ballot on draft laws and decisions on most important matters of the state life of the Republic of Kazakhstan.

A referendum shall be held throughout the Republic of Kazakhstan.

Article 2. Principles of a republic referendum

A referendum shall be based on the principles of:
glasnost;
the voluntary participation in the referendum and free expression of the citizens;
general, equal, and direct suffrage by ballot;
each participant in the referendum having one vote.

Article 3. Right to participate in a republic referendum

Citizens of the Republic of Kazakhstan who have attained to the age of 18 shall participate in the referendum.

Any direct or indirect qualification of the rights of citizens of the Republic of Kazakhstan to participate in a referendum is impermissible and shall be punished by law.

Citizens found by a court of law to be incapable and persons held in places of confinement shall not take part in a referendum.

Article 4. Questions put to a republic referendum

The subject of a referendum may be:

1) The adoption and revision of the Constitution, constitutional statutes, and laws of the Republic of Kazakhstan;

2) The solution of other most important questions of state life of the Republic of Kazakhstan.

Article 5. Matters that may not be the subject of a republic referendum

Matters leading to a violation of the basic rights and liberties of man and citizen;

a change in the status of the Republic of Kazakhstan as a democratic, secular, and unitary state;

a revision of the republic form of government;

the administrative-territorial arrangement and the borders of the Republic of Kazakhstan and other matters entailing a violation of the territorial integrity of the Republic of Kazakhstan;

justice, defense, national security, and the maintenance of public order;

the republic budget and tax policy;

amnesty and clemency;

the appointment to and dismissal from office of officials subject to the jurisdiction of the Supreme Council, the president, and the Government of the Republic of Kazakhstan; and

the fulfillment of commitments ensuing from international treaties of the Republic of Kazakhstan

may not be the subject of a referendum.

Article 6. Glasnost in the preparation and execution of a republic referendum

A referendum shall be organized and executed openly and publicly.

The question put to a referendum and also the decision on its execution shall be conveyed to the citizens by the news media.

The referendum commissions shall notify the citizens of their work on organization of the referendum, the formation of voting precincts, the composition, location, and working hours of the commissions, and the lists of citizens eligible to take part in the referendum.

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Representatives of public associations and observers of international organizations shall be entitled to be present at meetings of the referendum commissions at the time of the ballot and the counting of the vote and also when the results of the ballot are determined.

The authority of the representatives shall be certified in the procedure established by the Central Referendum Commission. The representatives' interference in the work of the referendum commissions is prohibited.

The news media shall cover the preparation and execution of the referendum, and their representatives shall be guaranteed access to activities connected with execution of the referendum.

Article 7. Campaigning at a republic referendum

Citizens and public associations of the Republic of Kazakhstan shall be guaranteed the right to campaign in support of or against the question put to a referendum at citizens' gatherings, public meetings, and rallies and in the news media.

All campaign print material must contain information on the organizations and persons responsible for its publication.

The dissemination of anonymous campaign material is banned.

Campaigning involving a violation of the rights and liberties of other persons and public safety and encroachment on the constitutional system is prohibited.

Campaigning is prohibited the day before the referendum and the day of the referendum.

Printed campaign material and placards posted outside the voting premises earlier may remain in their former locations.

Article 8. Material support for a republic referendum

Expenditure connected with the preparation and execution of the referendum shall come exclusively from the republic budget.

State authorities and enterprises, establishments, and organizations, regardless of form of ownership, shall put at the disposal of the referendum commissions the premises, equipment, and means of transport necessary for the preparation and execution of the referendum.

Any direct or indirect participation of overseas organizations or foreign citizens or noncitizens in the funding or other support for activities connected with the referendum is banned.

Article 9. Legislation governing a republic referendum

The following pertain to the legislation governing the referendum:
the Constitution of the Republic of Kazakhstan;
the Code on Elections in the Republic of Kazakhstan where it does not conflict with this edict;
this edict;
acts of the Central Referendum Commission of a normative nature.

Chapter II. Scheduling and Preparation of a Republic Referendum

Article 10. Right to schedule a republic referendum

The following shall be entitled to schedule a referendum:
The Supreme Council of the Republic of Kazakhstan, which shall present a referendum decision by way of the adoption of a law of the Republic of Kazakhstan;
following consultations with the Supreme Council, the president of the Republic of Kazakhstan, who shall present a referendum decision by way of issuing an edict.

Article 11. Initiative for a republic referendum

The initiative for a referendum shall belong to:
the Supreme Council of the Republic of Kazakhstan;
the president of the Republic of Kazakhstan;
the Cabinet of Ministers of the Republic of Kazakhstan, which shall address a referendum initiative to the president of the Republic of Kazakhstan. The initiative shall be presented by the government in session by majority vote of the total number of members of the cabinet and shall be formalized by the corresponding decree;
no fewer than 200,000 enfranchised citizens of the Republic of Kazakhstan representing quantitatively to an equal extent all oblasts and the capital of the Republic of Kazakhstan, who shall address a referendum initiative to the president of the Republic of Kazakhstan.

Proposals concerning a referendum on one and the same matter may be submitted and considered a second time by the subjects of the scheduling of a referendum no sooner than two years following the previous decision.

Article 12. Republic referendum commissions

A referendum shall be prepared and executed by:
the Central Election Commission of the Republic of Kazakhstan performing the functions of Central Referendum Commission;
territorial election commissions of the Republic of Kazakhstan performing the functions of territorial referendum commissions;
precinct election commissions performing the functions of precinct referendum commissions.

Territorial and precinct referendum commissions shall be formed and their composition shaped by the corresponding heads of the local executive authorities. The heads of the executive authorities of the oblasts and the city of Almaty shall immediately notify the Central Referendum Commission of the decisions that have been made.

The timeframe of the formation of territorial and precinct referendum commissions and the shaping of their composition shall be established by the law of the Republic of Kazakhstan on a referendum or analogous edict of the president of the Republic of Kazakhstan.

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Article 13. Powers of the Central Referendum Commission

The Central Referendum Commission shall:
establish the time of the ballot;
supervise throughout the Republic of Kazakhstan the execution of referendum legislation and also provide for its explanation and uniform application;
organize the preparation and execution of the referendum;
compile and present for approval draft estimates of expenditure on the organization and execution of the referendum;
direct the activity of the referendum commissions and distribute among them funds for the organization and execution of the referendum;
monitor the state of material and technical support for the referendum commissions;
consider complaints and petitions concerning violations of referendum legislation; and
establish:
the forms of the ballots, the voting lists, subscription lists, and other papers necessary for execution of the referendum;
the procedure of custody of the referendum papers;
receive the accounts of state authorities and their officials pertaining to matters connected with the preparation and execution of the referendum;
notify the citizens of the progress of preparation of the referendum;
tally the referendum results for the Republic of Kazakhstan as a whole and ensure that the announcement on this is transmitted to the news media;
exercise other powers established by the Code on Elections in the Republic of Kazakhstan and this edict.

Article 14. Powers of the territorial referendum commissions

The territorial referendum commissions shall:
supervise the execution of referendum legislation on the territory of the corresponding administrative-territorial units and provide for its uniform application;
organize the activity of the precinct commissions and distribute among them the funds allocated for the execution of the referendum;
monitor the state of material and technical support for the precinct referendum commissions;
consider complaints and petitions concerning violations of referendum legislation;
receive reports of the precinct referendum commissions and state authorities and their officials pertaining to matters connected with the preparation and execution of the referendum;
provide for the preparation of ballot papers for the referendum;
receive records from the precinct referendum commissions and tally the referendum results on the territory of the corresponding administrative-territorial unit;
exercise other powers established by the Code on Elections in the Republic of Kazakhstan and this edict.

Article 15. Powers of the precinct referendum commissions

The precinct referendum commissions shall:
draw up the lists of citizens eligible to take part in the republic referendum and decide questions connected with this;
familiarize the citizens with the voting lists, consider petitions concerning errors and inaccuracies on the lists, and decide questions concerning the corresponding revisions to them;
notify the citizens of the day, time, place, and procedure of the ballot;
prepare the premises and provide for the preparation of voting booths and ballot boxes;
organize in the precinct the ballot on referendum day;
count the vote and determine the results of the ballot in the precinct;
consider complaints and petitions concerning the preparation and execution of the ballot in the precinct and adopt decisions on them;
exercise other powers established by the Code on Elections in the Republic of Kazakhstan and this edict.

Article 16. Assurance of the conditions of the activity of the referendum commissions

Decisions of the referendum commissions adopted within the limits of their powers are binding on all state authorities, public associations, and enterprises, establishments, and organizations, regardless of form of ownership, officials, and citizens.

The chairman, deputy chairman, secretary, or member of a referendum commission may, in accordance with a decision of the commission, be relieved in the period of preparation and execution of the referendum of the performance of industrial or office duties with retention of average pay from the funds allocated for execution of the referendum.

State authorities, enterprises, establishments, and organizations, and officials are required to assist the referendum commissions in their exercise of their powers and to make available the information and material necessary for their work.

Article 17. Formation of a republic referendum action committee

If citizens present a referendum initiative, a referendum action committee composed of no fewer than 60 persons, three per oblast and the capital of the Republic of Kazakhstan, shall be formed.

No later than 10 days prior to a meeting on the issue of a referendum its sponsors must notify in writing of the time, place, and purpose of the meeting the local executive authority on whose territory it will be held.

The participants in the meeting will be registered and a list necessarily showing their last names, first names, and

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patronymics and place of residence shall be compiled before the start of the meeting.

The members of the referendum action committee shall be elected by majority vote of the participants in the meeting. The action committee list shall indicate the last name, first name, and patronymic and place of residence of each member of the group. The question proposed for a referendum must be worded by the action committee precisely, so as to permit an unambiguous answer to it.

Article 18. Registration of the question and the referendum action committee

The referendum action committee shall apply to the Central Referendum Commission with a request that it register the question proposed by the former for a referendum.

The referendum action committee shall be required when registering to show the following documents:
1) the application for registration of the question proposed for a referendum;
2) the record of the meeting;
3) the list of members of the action committee.

The question proposed for a referendum and also the composition of the action committee shall be registered by the Central Referendum Commission. The information on this and the address to which subscription lists should be sent shall be announced by the news media.

The wording of the question proposed for a referendum shall be included on the subscription list.

The referendum action committee shall be issued a registration certificate within one month from the day of the registration application. The form of the certificate of registration of the question and the referendum action committee shall be approved by the Central Referendum Commission.

Registration may be denied in instances of a violation of the requirements of this edict.

Article 19. Procedure and timeframe of the collection of signatures

The referendum action committee shall organize the collection of signatures of the citizens as of the day that it has obtained a registration certificate. Signatures shall be collected by enfranchised citizens of the Republic of Kazakhstan.

The referendum action committee shall be issued subscription lists by the Central Referendum Commission.

The person collecting signatures shall show a copy of the action committee registration certificate and the subscription list. Each citizen shall be entitled to sign the subscription list once only. The citizen shall show his passport or ID here. The citizen's signature shall be supplemented by his last name, first name, and patronymic, place of residence, the essential document elements, and the date the list was signed.

Each completed subscription list must be signed by the person who has collected the signatures and attested by the head of the local executive authority where the signatures were collected.

Subscription lists not attested by the head of the local executive authority or subscription lists of an irregular sample and also subscription lists completed in violation of other requirements of this edict are invalid.

The territorial referendum commission shall be entitled to check the authenticity of the citizens' signatures on the subscription lists. The territorial referendum commission shall on the basis of a check render findings as to the authenticity of the signatures and forward them to the Central Referendum Commission.

Article 20. Liability for a violation of the signature-collection procedure

In the event of a violation of the procedure of the collection of signatures and the official registration of the subscription lists being ascertained, the chairman of the territorial referendum commission shall make the appropriate representation to the Central Referendum Commission.

The Central Referendum Commission may within one month from the day that the representation is made make the decision to terminate the activity of the members of the action committee who perpetrated the violations and to deem the subscription lists on which the requirements of this edict were discovered invalid.

The re-election of members of the action committee in respect to whom a decision to terminate their activity has been rendered is prohibited.

In the event of a second violation of the procedure of the collection of signatures and the official registration of the subscription lists by the action committee, the Central Referendum Commission may adopt the decision to terminate the activity of referendum action committee and to deem its registration certificate null and void.

Article 21. Forwarding of the subscription lists and the summary record on the results of the collection of signatures

The completed subscription lists shall be forwarded by the persons who collected the signatures to the referendum action committee. The action committee shall compile consolidated data on the results of the collection of signatures and no later than 10 days from the day that the collection of signatures was completed forward the completed subscription lists and unrestricted data to the Central Referendum Commission.

If the subscription lists that have been presented conform to the requirements of this edict, the Central

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Referendum Commission shall enter the results of the collection of signatures in the summary record.

The proposals concerning a referendum shall together with the summary record on the results of the collection of signatures be forwarded to the president of the Republic of Kazakhstan within one month from the day that the papers were received from the referendum action committee.

The subscription lists and the summary records on the results of the collection of signatures shall be kept by the Central Referendum Commission for six months from the day of publication of the decision adopted by way of referendum.

Article 22. Adoption by the president of the Republic of Kazakhstan of a decision on an initiative for a republic referendum

The president of the Republic of Kazakhstan shall adopt in respect to a referendum initiative of the government or citizens one of the following decisions:
on a referendum;
on the need for the adoption of a law or other decision on the question proposed as the subject, without a referendum;
on rejection of the proposal concerning a referendum.

Article 23. Decision on a republic referendum

The law of the Republic of Kazakhstan or edict of the president of the Republic of Kazakhstan on a referendum and a draft constitutional statute or law of the Republic of Kazakhstan or the draft of another decision put to a referendum shall be published in the news media.

A law of the Republic of Kazakhstan or an edict of the president of the Republic of Kazakhstan on a referendum shall establish:
the date that it will be held; and
the wording of the question to be put to the referendum;
other questions connected with the execution of the referendum shall be decided.

With the consent of the sponsors of a referendum the president of the Republic of Kazakhstan shall when adopting the decision to hold a referendum be entitled to revise the wording of the question to be put to a referendum for the more precise expression of the wishes of its sponsors.

Article 24. Timeframe of the execution of a republic referendum

A referendum shall be held within a timeframe no earlier than one month before and no later than three months from the day that the decision to hold it was adopted. In exceptional cases the Supreme Council or the president of the Republic of Kazakhstan may establish a different timeframe for the execution of a referendum.

Chapter III. Procedure of Execution of a Republic Referendum

Article 25. Lists of the citizens eligible to participate in a republic referendum

The procedure of the compilation of the lists of the citizens eligible to participate in a referendum, the inclusion of the citizens on them, and their appeal against instances of noninclusion on a list, the wrongful inclusion on a list or exclusion from a list, and inaccuracies on it and also assurance of the right to participate in a referendum of citizens if they have changed their whereabouts shall be determined by the Code on Elections in the Republic of Kazakhstan and this edict.

Article 26. Notification of time and place of the ballot in execution of a republic referendum

The precinct referendum commission shall notify the citizens of the time and place of the ballot not less than 10 days prior to the day of the ballot.

The text of the draft law or the draft of another decision put to a referendum must be posted in a prominent place in the voting premises.

Article 27. Ballot paper at a republic referendum

The form of the ballot paper at a referendum shall be approved by the Central Referendum Commission no less than 15 days prior to the day of the ballot. The ballot papers shall be printed in the state language and the language of interethnic communication or in the language of the majority of the population resident in compact manner on the territory of the corresponding administrative-territorial unit.

The wording of each questions submitted and the voter's "yes" or "no" answer shall be presented on the ballot paper.

In the event of several questions having been put to a referendum simultaneously, the ballot papers used for each of them must be distinguished by color.

The procedure of the preparation of ballot papers shall be determined by the Central Referendum Commission.

The precinct referendum commissions shall be provided with ballot papers no later than three days before it is held.

Article 28. Spoiled ballots during the tallying of the results of a republic referendum

Ballot papers of an irregular sample and ballots from which the signature of a member of the precinct election commission is absent shall in the tallying of the referendum results be deemed invalid.

Also deemed invalid shall be ballots on which:
neither of the proposed answers to the question has been crossed out;

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both proposed answers to the question have been crossed out;
it is impossible for other reasons to determine the voters' wishes.

The decision deeming ballot papers during the tallying of the referendum results invalid shall be adopted by the precinct referendum commission. If disagreements arise, the issue shall be decided by the precinct referendum commission by ballot.

Article 29. Voting at a republic referendum

The time, place, organization, and voting procedure on the territory of the Republic of Kazakhstan shall be determined in accordance with the Code on Elections in the Republic of Kazakhstan and this edict.

When voting, a citizen shall cross out one of the answers on the ballot—"yes" or "no." A voter's violation of this requirement shall entail nullification of the ballot in accordance with Article 28 of this edict.

Article 30. Consequences of the results of the ballot at a republic referendum being deemed invalid

Following a protest of the prosecutor general of the Republic of Kazakhstan concerning violations in the execution of the referendum, the Constitutional Court shall be entitled to find that the referendum does not conform to the Constitution of the Republic of Kazakhstan in the precincts (administrative-territorial units) in which violations were established or throughout the Republic of Kazakhstan.

In the instances established in part one of this article the Central Referendum Commission shall adopt a decision:
on a repeat ballot within six months throughout the Republic of Kazakhstan;
on a repeat ballot within six months in the precincts (administrative-territorial units) in which violations were established.

Article 31. Counting of the vote and determination of the results of a republic referendum

The vote in the precinct, administrative-territorial unit, shall be counted and the results of the referendum determined in accordance with the Code on Elections in the Republic of Kazakhstan and this edict.

Article 32. Tallying the results of a republic referendum

Based on the records presented on the results of the ballot, the Central Referendum Commission shall establish:
the total number of citizens of the Republic of Kazakhstan included on the voting lists;
the number of citizens who took part in the ballot;
the number of citizens who voted "yes," the number who voted "no," and the number of ballots deemed invalid individually for each question put to the vote.

A referendum shall be considered valid if no less than half the citizens entered on the voting lists took part in the ballot.

The decision on the question put to a referendum shall be considered adopted if, as a result of the ballot, it has been supported by more than half the citizens who took part in the ballot.

The results of the ballot shall be tallied at a meeting of the Central Referendum Commission, and a record shall be drawn up and signed by the chairman, deputy chairman, secretary, and members of the Central Referendum Commission.

Article 33. Publication of the results of a republic referendum

The official announcement of the Central Referendum Commission on the referendum results shall be published no later than one week from the day of the ballot.

Chapter IV. Final Provisions

Article 34. Implementation of the decisions adopted by republic referendum

Laws of the Republic of Kazakhstan and other decisions adopted by referendum shall take effect as of the day of publication of the referendum results, unless the law or decision themselves establish a different timeframe.

Article 35. The legal force and binding nature of decisions adopted by republic referendum

A decision adopted by referendum shall be binding throughout the Republic of Kazakhstan and shall not need any confirmation by acts of the supreme organs of state power of the Republic of Kazakhstan.

Discrepancies between a decision adopted by referendum and the Constitution and also laws of the Republic of Kazakhstan shall be removed by the alignment of the Constitution and the laws with the decision adopted by referendum.

Article 36. Liability for a violation of legislation governing a republic referendum

The prevention in any form whatever of a citizen of the Republic of Kazakhstan's exercise of his right to take part in a referendum and to campaign for the question put to it, the forgery of election papers, a patent miscount, and a violation of the secrecy of the ballot or other violation of the Code on Elections in the Republic of Kazakhstan and this edict shall entail liability in the procedure established by law.

The actions of state authorities and officials on questions of the organization and execution of a referendum may be appealed in court.

Article 37. Procedure of implementation of this edict

This edict shall take effect the day it is published.

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[Signed] N. Nazarbayev, president of the Republic of Kazakhstan

Almaty, 25 March 1995.

Tajikistan

Russian Duma Leaders Visit Border Troops

LD0205202195 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 2 May 95

[From the "Vremya" newscast]

[FBIS Translated Text] [Correspondent Mikhail Zotov] According to military intelligence information, eight training camps for fighters from Tajikistan's Islamic Revival Movement are operating in the area controlled by the 10th and 12th border posts of the Pyandzh border detachment and on the territory of north Afghanistan alone. The fighters are likely to begin active combat operations in the summer. On the rear flank of the border guards, Khakim Bangi, head of the clandestine opposition organization of the fighters of the Pyandzh front, is preparing to seize power in the region.

Perhaps that is why some Russian politicians are suggesting that the border guards, who have found themselves caught in the crossfire, should leave the Tajik-Afghan border. However, the Russian border guards themselves believe that they cannot leave this border or the center of Russia will be inundated with drugs and arms. Top-ranking border troop officials believe, justifiably, that the appearance of state-of-the-art Russian equipment and Russian soldiers serving under contract at the most dangerous sections of the Afghan border will enable the problem to be solved. The leaders of nearly all of the Russian State Duma factions, who recently visited the border posts, agree.

[Begin recording] [Ye. Lakhova, Women of Russia faction—identified by caption] They are carrying out heroic feats here, despite the fact that they have not seen new equipment for two years and the equipment they have is not repairable. It is shameful that we are unable to provide adequately for the border troops, so that Russia may feel safe.

[Gennadiy Zyuganov, Communist Party faction—identified by caption] We are ready to meet all requests made by the border troops. Their requests are modest and can easily be met. [end recording]

[Zotov] So, we can evidently expect serious decisions from the State Duma immediately after the May holidays on the state of affairs on the Tajik-Afghan border.

Social Security Minister Receives FAO Official

LD0205131195 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 2 May 95

[FBIS Translated Text] Social Security Minister Abdussattor Jabborov today received (Drezdey Voltring), the representative of the UN Food and Agriculture Organization [FAO]. The two sides exchanged information and discussed ways of cooperating in the sphere of social security for the republic's population. A joint accord was reached on granting material assistance to low-income groups in the population.

At the end of the meeting Abdussattor Jabborov thanked (Dresdey Voltring) and through him, all representatives of international charitable organizations for their aid to the people of Tajikistan.

Also today, a European Union delegation visited a number of ministries and departments.

Rebels Try To Infiltrate Tajikistan From Afghanistan

LD0305082195 Moscow ITAR-TASS in English 0657 GMT 3 May 95

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, April 3 (Itar-Tass)—A group of armed Islamist rebels made an attempt to infiltrate Tajikistan from Afghan territory last night, but the attempt was suppressed with fire, the press service of the command of the Russian border troops in Tajikistan told Itar-Tass on Wednesday morning [3 May].

The attempt was made in the area controlled by the 11th post of the Moscow border force.

A cache of arms and ammunition left behind by an opposition group in the zone patrolled by the Kalai-Khumb border guard unit was discovered and destroyed in the course of a locate-and-liquidate operation which was conducted here over the past few days.

The situation remains without substantial changes in other areas along the Tajik-Afghan border, the command of the Russian border troops in Tajikistan told Itar-Tass today.

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Armenia

Prime Minister Makes One-Day Visit to Syria, Lebanon

NC0205210095 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 2 May 95

[FBIS Translated Text] Armenian-Syrian talks concluded on 30 April, and on the morning of 1 May Armenian Prime Minister Grant Bagratyan arrived in the Lebanese capital for a one-day working visit. The Armenian delegation left the Beirut airport for Prime Minister Rafiq al-Hariri's residence in Sana'i where the heads of government of the two countries had a private conversation. It was followed by talks at the conclusion of which they signed agreements on capital investments, air and land communication, and on cooperation in the field of trade, economy, science and technology.

Grant Bagratyan and the delegation were then received by Lebanese President Ilyas al-Hirawi. The Armenian prime minister handed him a message from Armenian President Levon Ter-Petrosyan. They discussed matters relating to the implementation of the opportunities opened up by the signed agreements. The Lebanese president praised the Armenian community's substantial role in Lebanon's social, economic, public, and political life. Referring to Armenia's current situation, Ilyas al-Hirawi said that the Armenians are clever, creative, and wise people and will overcome all the difficulties.

Prime Minister Grant Bagratyan returned to Yerevan on the same day.

Cooperation Agreements Signed in Lebanon

LD0205121195 Moscow ITAR-TASS World Service in Russian 1053 GMT 2 Apr 95

[FBIS Translated Text] Beirut, 2 May (ITAR-TASS)—Agreements on the development of cooperation in the field of commerce, investments, and transport communications have been signed between Lebanon and Armenia.

The documents were signed by Armenian Prime Minister Grant Bagratyan, who is on a visit here, and his Lebanese counterpart Rafiq al-Hariri.

Some 250,000 Armenians are currently living in Lebanon.

Turkish Claims of PKK Presence in Armenia Denied

NC0205212795 Yerevan Radio Yerevan International Service in Armenian 1800 GMT 2 May 95

[FBIS Translated Text] Turkey has created a security zone near Armenia in Kars Province. This was reported by the ITAR-TASS correspondent from Ankara. According to the statement issued by the Turkish Armed Forces General Staff on Saturday [29 April], that move was motivated by Ankara's uneasiness over the possible infiltration of armed PKK [Workers' Party of Kurdistan] members into Turkey from Armenia. Military exercises and target practices will be held between 1 May to 30 October in the security zone. Turkish military command's permission is needed to enter that zone. According to the information of the Turkish security forces, following the Turkish Army's operations in northern Iraq, some Kurdish rebels have taken to hiding in Iran and Armenia and are trying to infiltrate Turkey from Armenia's territory.

Levon Zurabyan, adviser and acting press secretary of the Armenian president, categorically rejected the claims to the effect that the Kurdish gunmen are allegedly infiltrating Turkey from the territory of our republic. The presidential spokesman said that we have to regrettably note that the Turkish side is again repeating the thesis that the Kurdish gunmen are infiltrating Turkey from Armenia, something which Yerevan has repeatedly refuted. The president's spokesman stressed that there are no armed groups in Armenia outside the state control.

Parliament Begins Discussing Draft Constitution

LD0205124195 Moscow INTERFAX in English 1143 GMT 2 May 95

[FBIS Transcribed Text] YEREVAN, May 2 (Interfax)—The Armenian parliament began discussing the new constitution's draft provision by provision at its emergency session today.

An Interfax correspondent learned that the constitution has been drafted by the constitutional commission headed by Armenian President Levon Ter-Petrosyan.

The parliament is expected to decide on the procedure for adopting the new constitution after the draft's discussion.

The parliament may decide that it can adopt the constitution by the affirmative vote of two thirds of its members.

The parliament may choose another way of adopting the constitution and decide that a nation-wide referendum must be held for this purpose.

If the parliament opts for the second proposal the nation-wide referendum on the constitution will be held on July 5 along with the parliamentary elections.

Azerbaijan

Foreign Minister Meets NATO Delegation

NC0205203295 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 May 95

[FBIS Translated Text] Azerbaijani Foreign Minister Gasan Gasanov received Turkey's newly appointed ambassador to Azerbaijan Omur Orhun. The prospects to develop ties between the countries and Turkish Foreign Minister Erdal Inonu's upcoming visit to Azerbaijan were discussed during the meeting.

At the end of the meeting, Ambassador Omur Orhun handed copies of his credentials to Foreign Minister Gasan Gasanov.

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[Begin recording] [Reporter] A very contemporary and important matter was discussed during this meeting with the foreign minister: the monitoring the compliance with the provisions of the treaty on Conventional Armed Forces in Europe [CFE] and the perspectives for cooperation with NATO. During his meeting with the delegation headed by Nesil Nerimoglu, head of NATO's Verification Committee, which arrived in our republic yesterday for this purpose, Foreign Minister Gasan Gasanov stated that Azerbaijan, which signed the CFE treaty a year ago, is ready to fulfill the provisions of the treaty, provided that Azerbaijan's territorial integrity is ensured in accordance with the UN Security Council resolution and the opposing side [Armenia] also abides by these provisions.

Gasan Gasanov also stated that despite frequent appeals to the [CFE] headquarters in Vienna, they only monitor a part of Azerbaijan. In keeping with the treaty's provisions, they do not inspect the territory occupied by Armenia. This is discrimination. It became clear during the meeting that suitable conditions were created for Armenia to not comply with the CFE treaty. And by accumulating arms, the aggressor neighbor is violating the provisions of the treaty.

Matters relating to the signing of the agreement [not further specified] within the framework of cooperation with NATO and the Partnership for Peace were also discussed with the delegation, which will stay in our republic until 5 May. [end recording]

Aliyev, Georgian Delegation Discuss Iranian Goods Transit

NC0205141795 Baku TURAN in English 1028 GMT 2 May 95

[FBIS Transcribed Text] Baku (May 2) TURAN—Last evening President Aliyev received the Georgian delegation led by first Deputy Chairman of Georgia's Cabinet, Zurab Kervalishvili.

While welcoming the guests President Aliyev mentioned that the relations between both countries are successfully developing and stressed the role of Georgia's Ambassador to Azerbaijan on this point. "In several issues our states cannot develop without each other", Azeri President said.

Zurab Kervalishvili sent kind regards to President Aliyev from Georgia's President Eduard Shevardnadze and informed him about the situation in the country. The vice-premier said that during the visit of Iran's President, Hashemi-Rafsanjani, to Georgia both parties discussed the issues on global economic cooperation in the region. In particular, the issue concerning transit utilization of the Black Sea ports of Georgia for import and export of Iranian goods, has been touched upon. "We agreed that the most advantageous route from Iran is through Azerbaijan and Georgia to the Black Sea. And we have all transport-routes for that", Zurab Kervalishvili said.

He said that the point concerning shipment of oil to Georgian terminals on the Black Sea was also discussed with the Iranian party.

Then the meeting continued behind the closed doors.

During his visit to Georgia from April 19 through 21, 1995, Iranian President visited Georgia's port cities of Poti and Batumi. During the meetings with Georgian leadership the possibility of transit of Iranian goods through Georgia to Europe was discussed. Georgia is interested in import of Iranian gas and oil. That would have let Georgia to use all oil-processing enterprises of Batumi.

The current visit of Georgia's Vice-Premier to Baku is connected first of all with the possibility of laying of the oil pipeline from Azerbaijan to Georgia. During the recent visit of the U.S. Deputy Secretary for Energy, Mr. White, to Azerbaijan and Georgia, the route of the oil shipment from Azerbaijan to Georgia and then to Turkey was the focus of attention.

National Assembly Confirms Guliyev as Prime Minister

LD0205174595 Moscow ITAR-TASS World Service in Russian 1648 GMT 2 May 95

[By ITAR-TASS correspondents Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Translated Text] Baku, 2 May—By a decision of the National Assembly (the Azerbaijani parliament), 54-year-old Fuat Guliyev was today approved as the republican prime minister. Having spent the past year as acting prime minister, he has set forth a new government program aimed at extricating the republic from the grave economic crisis.

According to F. Guliyev, the program has already been submitted to the president of Azerbaijan and consists of three parts. The first presupposes the carrying out of market transformations in agriculture and the creation of a powerful private sector in that important area. The second part envisages the implementation of large-scale privatization of the industrial sector, other than enterprises in the fuel and transport complex. The third is aimed at attracting foreign investment in the country's economy.

The new head of the cabinet of ministers regards it as being of some importance to define the republic's position in the post-Soviet economic space. Otherwise, he declared, it will be necessary totally to reconstruct nearly all the republic's enterprises and transfer them to Western technology. F. Guliyev also opposed the introduction of any artificial restrictions hindering exports of Azerbaijani goods. According to him, the program for stabilizing the economy also presupposes the country's close cooperation with a number of influential international financial institutions, primarily the IMF and the European Bank for Reconstruction and Development.

He claimed that the current features of the republic's economy result from the shortsighted policies of Azerbaijan's former leadership.

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Sales of Radioactive Material Denied

NC0205210995 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 May 95

[FBIS Translated Text] Recently, some domestic and foreign news agencies have published reports on the uranium trade in Azerbaijan. Is there any truth to it? Thanks to the efforts of the highway police these rumors have proven groundless. Following measures taken in recent days, it has become clear that these rumors were caused by the activities of Daghgikh Vadim Vladimirovich, a Russian by nationality, working in an Azerbaijani pipeline construction firm laboratory. He was trying to sell some of the company's equipment—which housed small amounts of radioactive material, such as an x-ray machine which is used to inspect the quality of the welding on oil and gas pipelines—as uranium to ignorant people. This is the source of the rumors.

It became clear that this equipment, which Vadim Vladimirovich—who was working in a large engineering firm—was passing off as a uranium device, was a (?testactoscopy).

The matter is being investigated.

Georgia

Shevardnadze Denies Warplanes Sale to Iran

LD0205141495 Moscow ITAR-TASS in English 1353 GMT 2 May 95

[By Nikita Yermakov]

[FBIS Transcribed Text] PARIS, May 2 (Itar-Tass)—Georgian leader Eduard Shevardnadze has refuted rumors claiming sale of Georgian-made warplanes to Iran in exchange for oil, the Paris Monde newspaper reports from Tbilisi today.

Georgia and Iran "did have negotiations but they were fruitless," the leader told Monde. "I can assure you that the Iranian Air Force does not have a single Georgian aircraft," he added.

Shevardnadze Threatens To Disband Mkhedrioni

LD0305095195 Tbilisi IPRINDA in Russian 0920 GMT 3 May 95

[FBIS Translated Text] Tbilisi—Georgian head of state Eduard Shevardnadze met heads of local administration in Telavi [Kakheti Province, eastern Georgia] on 2 May. The topics of discussion included the situation in the region, the recent large-scale operation in Kakheti carried out by the Georgian Ministry of Internal Affairs, the inaction of local authorities and law-enforcement agencies in dealing with the criminal world, and other problems.

Discussing the activity of the Rescue Corps [Mkhedrioni, paramilitary group founded by MP Jaba Ioseliani] in Kakheti, Shevardnadze noted that this organization is still engaged in extortion and racketeering in the region. Shevardnadze questioned how the Rescue Corps are able to distribute flour and other foodstuffs to the local population (ahead of the elections to the Georgian parliament [due in autumn]). He said that the Rescue Corps are stealing in one region of the country and giving to another.

Shevardnadze went on to say that if this situation persists, the Rescue Corps will be disbanded. He also recalled the incident in Rustavi in March this year (when Rescue Corps members physically abused his personal representative in Kvemo Kartli Province), saying that he now regrets that he forgave the Rescue Corps this incident and did not suspend it. He called on everyone to abide by the law. "We will break the jaws" of those who offer us resistance, concluded Shevardnadze.

Chechnya Mobilization Declared in Abkhazia

LD0205145695 Tbilisi Radio Tbilisi Network in Georgian 1400 GMT 2 May 95

[FBIS Translated Text] A general mobilization to participate in combat actions in Chechnya against the Russian federal troops has been declared in Abkhazia, Georgian Prosecutor General Jamlet Babilashvili told Russian journalists at a meeting. According to his data, about 40 youths, dodging conscription, crossed the Abkhaz border and arrived in Zugdidi District on a footpath. The youths, when interrogated, said they do not wish to fight in Chechnya. Babilashvili noted at the meeting that 70 Chechens from Dudayev's milieu were among the so-called Abkhaz police and that the Georgian Prosecutor's Office has several times supplied its Russian colleagues with the list of these persons, but the Russians have not taken measures to capture them. It must be easy, however, for the peacekeeping forces to detain the Chechens.

Deputy Premier on Abkhazia Memorandum

LD0205164295 Tbilisi Radio Tbilisi Network in Georgian 1400 GMT 2 May 95

[FBIS Translated Text] Georgian Deputy Prime Minister Tamaz Nadareishvili has said that, under an agreement reached between the Georgian leadership, the Russian parliament, and the Russian and Georgian Foreign Ministries, a memorandum on Abkhazia has been drawn up in Moscow. Talks are currently being held to encourage Vladislav Ardzinba, the leader of the Abkhaz group, to sign the memorandum.

The document stipulates the status of the autonomous republic of Abkhazia within federal Georgia. According to Nadareishvili, the memorandum will come in force after the two sides have signed it and the refugees have started to return to their homes without having to fill in forms.

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Estonia

Vahi Wishes For Improved Russian Relations

LD0205160495 Tallinn Estonian Television Network in Estonian 1500 GMT 2 May 95

[FBIS Translated Text] The government holds the position that relations with Russia can and must be improved. This is what Prime Minister Tiit Vahi said at a news conference today. According to him, this subject has been discussed with Russian Ambassador Aleksandr Trofimov on two occasions already.

[Begin Vahi recording] It is quite possible for these relations to be improved, and Trofimov said that the Russian side would also like this. We have discussed this subject with Foreign Affairs Minister Riivo Sinijarv and Euro-Reform minister Endel Lippmaa was also present at this discussion. We are of the opinion that the Estonian side would like improved relations with Russia. Undoubtedly, improved relations is something that happens bilaterally. This wish can be... [changes thought] improvements will be fruitful if the wish is bilateral. The more so for me to be pleased that Mr. Trofimov stated the Russian position, which supports such improvement. [end recording]

Law on Foreign Loans Comes Into Force

LD0105151095 Moscow INTERFAX in English 1410 GMT 1 May 95

[FBIS Transcribed Text] TALLINN, May 1 (FIA)—The law on foreign credits and on state guarantees for foreign loans has come into effect in Estonia on May 1.

A spokesman for the republic's Finance Ministry has told the Financial Information Agency (FIA) that in line with the law an annual limit has been established (for the first time in the republic) for foreign credits received by the republic—75 percent of the state budget. The amount of credits under the state guarantees should not exceed 15 percent of the country's annual budget.

All credit agreements before their signing by the Estonian government and the creditor, are debated by the republic's parliament, which, for its part, grants powers for the Cabinet of Ministers to sign agreements or introduces changes to the texts of the agreements. Earlier the Estonian parliament could express its attitude to the agreements on loans only after their signing by ratifying or vetoing them.

According to the Finance Ministry, by April 1, 1995 the Estonian foreign debt amounted to $153 million. The World Bank, which earmarked over $80 million, is the largest creditor of the republic. Most credits earmarked in line with inter-governmental agreements should be repaid in 1998-99.

Statistics on 1994 Industrial Output

WS0205140695 Tallinn BNS in English 1217 GMT 02 May 95

[FBIS Transcribed Text] Tallinn, May 02, BNS—Decline in Estonia's industrial output slowed down in 1994 when compared with the previous years, indicating that stabilisation has begun, a report by the Statistics Department shows.

Industrial output in Estonia totaled 16.2 billion kroons (USD about 1.5 billion) in 1994, down 5.6 percent from the year before.

The decline in one year was 5.8 percent in the manufacturing sector, mainly due to a major 14.4 percent slide in the food industry.

As the country's leading branch, the food production sector reported a fall in milk and dairy production and in the overall amount of food sold by farmers to wholesale purchasers. Meat production was down 46.5 percent last year, and milk and dairy products, 5.6 percent. More successful was the fish processing sector.

Downtrend continued in the leather products and footwear manufacturing as well as electrical equipment and appliances, measuring devices.

The clothing, wood and paper products, chemical, rubber and plastics, building materials and furniture sectors retained stability when compared with 1993.

State and local government-owned companies accounted for 56.9 percent of Estonia's industrial production in 1994. The share of private businesses was biggest in the total output of the building materials industry (80.5 percent), furniture (67.2 percent), wood and paper industry (60.2 percent).

Latvia

Foreign Ministry: Demolition at Skrunda To Go Ahead

LD0205192295 Riga Radio Riga Network in Latvian 1800 GMT 2 Apr 95

[FBIS Translated Text] The Latvian Foreign Ministry believes that the increased interest of various services, in their statements about the uselessness of demolishing the Skrunda radar, only goes to show the rightness of Latvia's intention. On 4 May, during the explosion of the new building at the Skrunda radar station, foreign specialists will monitor the technical equipment and systems in adjacent buildings, thus averting any possible disturbances or damage. The Russian Ministry of Defense has sharply criticized the Latvian intention to blow up the Skrunda radar station, warning that the shock-waves from the explosion could cause false rocket attack alarms. A group of Russian scientists, according to a Reuter report, has called on Latvia's state leaders not to eliminate the Skrunda radar station, as the radar can pick up the movement of cosmic debris.

'Specialists' Review Russian Actions in Chechnya

WS0305090295 Tallinn BNS in English 1900 GMT 2 May 95

[FBIS Transcribed Text] Riga, May 02, BNS—Before using of force in Chechnya, Russia used a number of

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other political means there, like, political blackmailing, a campaign of misinformation abroad, economic blockade, activities of Russian special services' employees as well as formation of the inner opposition, say Latvian Defense Ministry's specialists.

Looking back upon Latvian-Russian relations over the latest four years, it can be seen that Russia started to direct several of the above mentioned activities against the Baltic state already in 1991, Defense Ministry's employees say in their research document on hostilities in Chechnya.

The war in Chechnya has proved that a small country also can resist to a super-power. Before the military activities, the number of Chechnya's residents was around one million, and it covers an area of 15,000 square kilometers.

When analysing Chechens' notable resistance ability, it must be taken into account that, after independence declaration and withdrawal of Russian troops in 1991, Chechens got hold of a large number of arms—small arms, artillery, minethrowers and anti-tank arms.

In turn, the Latvian National Armed Forces (NAF) are incompletely equipped even with small arms and they do not have anti-tank and anti-aircraft arms as well as field artillery without which resistance to enemies' attack is nearly impossible. NAF also does not have ammunition and effective combat arms—mines.

Now, when Russian troops are withdrawn, it must be noted that the political situation is favorable to Latvia, and there are so many arms accumulated in Europe that many countries are ready to sell them for a symbolic price asking only transportation expenses to be covered.

Taking into account experience of Chechnya, it is clear that the Latvian National Armed Forces need a small amount of heavy arms, because the enemy army, knowing about their existence, must ensure itself with the respective counteraction arms.

The Defense Ministry's specialists also say that, in case of an armed conflict, the Home Guard would be the basis for the armed forces, and it will allow to mobilize a large number of soldiers in a short period of time and set up units for defending Latvia. Mobile riflemen's sub-units would become immediate-reaction forces.

The research document says that, when training home guards and mobile riflemen, the main attention must be paid to soldiers' ability to handle different kinds of weapons. They also must be ready to act in small mobile groups and uncertain situations when the enemy has not only "qualitative," but also numerical superiority.

Already in peacetime conditions, all the territorial armed forces' units must be completely familiar with the surroundings, know the potential ambushes and the most important sites of mining.

The Chechen war experience shows the importance of soldiers and residents' morally psychological preparedness, because the homeland can be successfully defended if there exists an appropriate moral motivation.

Defense Ministry's specialists told BNS that information from Russian and Western mass media as well as the Radio Freedom which has direct connections with Chechnya were used for the analysis.

Two Political Parties Agree To Unite

WS0205130295 Riga LETA in English 1138 GMT 02 May 95

[FBIS Transcribed Text] Riga, May 2 LETA— On Saturday [29 April] in Riga 187 delegates representing the Democratic Party of Latvia and the political party Saimnirks held a congress and agreed on the unification of the two parties. With only one delegate abstaining, it took a relatively short time to complete the vote for the merger. The new bylaws of the party were accepted, and election of the party executive was achieved unanimously.

The meeting was addressed by Latvia's President, Guntis Ulmanis, who noted that such mergers are a welcome development in Latvia's politics. The uniting of small parties will ensure greater political stability. The president expressed the hope that the new party will present a program of economic development that will be an alternative to the present, rather unsuccessful, economic policy.

The delegates heard from the party leadership on future plans. The party will work for the rights of all inhabitants of Latvia and to develop Latvia as a nation of citizens. The party will curb bureaucratic excess, strengthen internal and external security, encourage manufacturing and the creation of new places of employment in all regions of Latvia, work on legislation to prohibit commercial employment for members of parliament and for the recall of members. Concerns were expressed at the low salaries of teachers and other workers in the arts and cultural areas and it was proposed that their salaries should be equal to those of government office workers.

Lithuania

Brzezinski Comments on NATO, Critical of Russia

WS0305080495 Tallinn BNS in English 1000 GMT 2 May 95

[FBIS Transcribed Text] Vilnius, May 02, BNS— Lithuania, seeking to become a member of NATO, should support all decisions that are aimed at expanding the alliance toward the East, U.S. politologist Zbigniew Brzezinski said Sunday [30 April].

"The first stage of (NATO) expansion is most important. If Poland, the Czech Republic, Slovakia and Hungary join NATO, the Baltic states would follow immediately,

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because the ice of Russia's resistance would be broken," Brzezinski said at a conference in Vilnius, which was devoted to Lithuanian and Polish experience of transition from Communism to democracy.

He urged the Baltics not to be hostile toward Russia because "Europe does not want the expansion to acquire an anti-Russian character."

But Brzezinski also sharply criticized Russia for its strong opposition to the alliance's planned expansion. In an interview with the Lithuanian daily LIETUVOS RYTAS, he said Russian Foreign Minister Andrey Kozyrev was becoming "more and more hysterical" on the issue, while Defense Minister Pavel Grachev was "absolutely paranoid."

Brzezinski, who was U.S. President Jimmy Carter's national security adviser and before that an assistant to President John F. Kennedy, is in Lithuania for a three-day visit, which ends Monday.

President's Advisers Note Importance of EU Pact

WS0305090095 Vilnius ELTA in English 1142 GMT 2 May 95

[From "News Bulletin" No. 747]

[FBIS Transcribed Text] Vilnius, May 2, ELTA—According to presidential adviser Justas Paleckis, Lithuania's association agreement with the European Union which is expected to be signed on May 29 will be the second major event after Independence Act in March 11, 1990.

The agreement would promote the integration into both European political and economic structures and increase security guarantees, he told a news conference on Tuesday [2 May].

The news conference held on Tuesday by Paleckis and senior presidential referent Petras Vaitiekunas focused on political and security problems in Lithuania.

Lithuania had no alternative for its membership in EU, Paleckis said. If we did not manage to implement all the necessary changes and become full members of EU, we could be included into other structures where we did not want to belong, he added.

Answering the questions about future relations with Moscow, Paleckis stressed that the current relations were good and should remain the same in future.

However, it was difficult to forecast Russia's future policy because of the forthcoming elections, he said.

According to Paleckis, the situation in Russia was aptly characterised by a Russian politician: "Now is bad time for pursuing good policy and good time for pursuing bad one".

In order to win the elections many political figures were orientated to imperial policy and this fact, according to Paleckis, made solvation of some issues more difficult.

He said that the imperial views could be treated as populist measures, however, he admitted that "some things show that it might be different".

IMF Appoints New Representative to Baltic States

LD0205151895 Vilnius Radio Vilnius Network in Lithuanian 1200 GMT 2 May 95

[FBIS Translated Excerpt] Speaking at a news conference today, the representative of the International Monetary Fund in the Baltic States, Adalbert Knobel, announced that his mission to the Baltic States was completed and he would further be representing IMF in the Ukraine. Adalbert Knobel introduced his colleague, (Daniel Sitrin), who will be responsible for the links between IMF and Lithuania, Latvia and Estonia.

Adalbert Knobel also reported that discussions are currently underway between the Lithuanian Government and IMF on some figures to be added to the memorandum of economic policies, which was signed last autumn. According to Knobel, these discussions will be followed by granting a loan amounting to 30 million U.S. dollars. This loan is part of the total amount of 200 million U.S. dollars in accordance with the memorandum covering a period of three years, Knobel said.

Knobel expressed his concern over some economic problems in Lithuania. He particularly mentioned unsatisfactory administration of tax collection which resulted in budget deficit. [passage omitted]

Advisor Warns of Need For Good Relations With Russia

LD0205143395 Vilnius Radio Vilnius Network in Lithuanian 1200 GMT 2 May 95

[FBIS Translated Text] In an interview with Lithuanian radio today, Justas Paleckis, foreign policy adviser to the Lithuanian president, said that good relations with Russia and other neighboring countries are essential for Lithuania's integration into NATO:

Some people in Lithuania believe that our country should maintain far worse relations with Russia than Brussels does—I say Brussels as a collective noun for Europe. I do not subscribe to this point of view, because any tension in relations between Lithuania and Russia would be beneficial for imperial forces in Moscow.

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Lithuania's good relations with its neighbors receive very high assessment in Europe. At present, good news in Europe is not that easy to find: just look at Bosnia, Chechnya, and other conflicts, and compare all of this to Lithuania.

Our success in normalizing relations with Poland is regarded as an outstanding achievement; our good relations with Belarus and the agreement defining the border with this country are also regarded as a very positive accomplishment; the compromise reached with Russia on the problem of military transit is also highly appreciated. In other words, Lithuania's realistic and pragmatic [foreign] policy meets a very positive evaluation in Europe, Paleckis said.

Western Europe is ready to cooperate with Russia. People in Brussels make it perfectly clear that the countries which expect to get into NATO by employing some kind of anti-Russian attitudes have no chances whatsoever, he added.

In the interview, Paleckis also touched on the issue of Lithuania becoming an associate member of the European Union, the event scheduled for 29 May. He noted that Lithuanians, who always cherished their national identity, now will have to learn how to combine it with the European identity. Lithuania will have to go all the way that Western European countries have gone since the end of World War II.

Slezevicius Seeks Alternative Fuel Supplies

LD0205134695 Moscow ITAR-TASS in English 1322 GMT 2 May 95

[By Vladas Burbulis]

[FBIS Transcribed Text] VILNIUS, May 2 (Itar-Tass)—The unpredictable trade policy of Russia as regards the supplies of energy carriers makes Lithuania to look for alternative supply sources in other states, Lithuanian prime minister Adolfas Slezevicius told a news conference here today. He summed up the results of his working visit to Venezuela and Colombia from where he returned late on Monday night [1 May].

Late last year Russia decided to raise the price on black oil exports, introduced additional customs barriers and unilaterally broke the contracts on black oil sales, said the premier.

The visit to Venezuela and Colombia aimed at possible protocols of intention to buy a liquid fuel made of coal that can substitute black oil, said Slezevicius. The negotiations were a success and in a month or two Venezuela will supply thousands of tonnes of the fuel which will cost much less than the Russian black oil, said the prime minister.

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Russia International Affairs

*Prospects of Cooperation With Arab Countries Explored

954E0901A Moscow KOMMERSANT-DAILY in Russian 22 Apr 95 p 4

[Article by Svetlana Sukhova: "'Selkhozpromeksport' Has Things to Interest the Arab Countries"]

[FBIS Translated Text] **Russia, while not losing hope of achieving the repeal of sanctions against Iraq—previously one of Moscow's primary partners in the Near East, and at the same time understanding that this goal will be difficult to achieve in the nearest time, is building bridges of cooperation with other countries in the region. Its specific projects were recently proposed by the VO [all-union association] "Selkhozpromeksport" to representatives of the embassies of Kuwait, Jordan, Syria, Oman, Saudi Arabia, Oman and others.**

Beginning in the 60's and up until 1990, the countries of the Near East and the Persian Gulf were the USSR's main partners among the developing states, accounting for up to 30 percent of the USSR's commodity turnover. The deliveries from this region covered 100 percent of the Union's import needs for oil intended for re-export. Moreover, the Arab world was a good market for the sale of Soviet machine-technical products. The situation deteriorated in the mid-80's: Purely political events became superimposed onto the growing economic crisis in the USSR—the Arabs painfully perceived the development of contacts between Moscow and Tel Aviv.

Today the stake is being placed on the rich countries—the UAE [United Arab Emirates], Kuwait, Oman and Saudi Arabia. As our KOMMERSANT-DAILY correspondent learned from government sources, two programs of cooperation have already been developed. These are "Russia-Saudi Arabia" and "Russia-the Arab monarchies." However, there is one difficulty: Moscow will have to compete with Washington, whose geopolitical positions are traditionally strong in the region. Then again, if Kuwait, Saudi Arabia, Oman and the UAE are not familiar with Russian projects, their neighbors—Syria, Yemen, Egypt, and Algiers—have been cooperating with Russian organizations for over 30 years.

The representatives of "Selkhozpromeksport" stress that the projects which they are proposing develop the results of last year's tour by Viktor Chernomyrdin through the region. In the words of "Selkhozpromeksport" Chairman Valeriy Serdotetskiy, previous cooperation with the countries of the region followed the line of technical assistance, and the credits granted to the USSR were rarely repaid. Today, neither a state, nor especially a private enterprise can allow itself not to repay credits, and therefore beginning with 1993 all projects are being implemented on a commercial basis. It has been decided that Russian and foreign banks are to be used for underwriting and granting credits for the projects. Specifically, Vneshtorgbank [Foreign Trade Bank] has long been crediting and underwriting "Selkhozpromeksport," and Roseksimbank [Russian Export-Import Bank], which was established a year ago specifically for the purpose of aiding Russian exporters, intends to grant "Selkhozpromeksport" guarantees (without monetary security) for construction of a dam in Algiers. The project is called "Tilezdit." It will cost $19 million, and an equal amount in local currency. And prior to this, "Selkhozpromeksport" submitted the Beni-Zit GES [hydroelectric power station], which had been built using state credits. It is true, the water has not been turned on yet—they are afraid of sabotage.

In Syria, only operations on technical assistance have been performed up until the present time. This was the construction of irrigation in the coastal region, as well as construction of a dam on the North Kebir River. Yet with Egypt, cooperation is already actively developing on a commercial basis. On 24 April, a delegation from the VO is flying to Cairo to prepare for the next round of meetings of the joint commission on trade-economic cooperation. Perhaps, contracts will be signed for the supply and equipment of irrigation canals and pumping stations. In the words of Serdotetskiy, irrigation and land reclamation is one of the few spheres where Russians can compete with Western companies. Russian participation is cheaper, and Russian technologies in this field are more reliable.

The "Selkhozpromeksport" representatives familiarized diplomats with the possibilities of utilizing underground waters for water supply in agriculture as well—ranging from application of means of space exploration to development of drilled wells using water purification and desalinization equipment, means of irrigation and application of new technology for cultivation of sandy soils. The general director of "Sovintervod," Nikolay Grishenko, announced that technologies on demineralization of underground waters have already been tested in Namibia and Argentina. The director of the NII [Scientific-Research Institute] of Hydrotechnology and Land Reclamation, Academician Boris Shumakov, intrigued the diplomatic audience by showing them the granules developed by his institute. These granules absorb heavy metals and radionuclides from the soil. However, the presentation by the director of "Akvaekologiya," Stanislav Khrutskoy, evoked the most lively interest. He told of another form of know-how—the fish-pumping installation "Vodoley." This system is installed on vessels of the "river-sea" type and, in his words, makes it possible to sharply increase the effectiveness of fishing. Moreover, the installation operates at temperatures ranging from +80 to -50 degrees.

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[Begin boxed material]

Certain data on Russian irrigation and land reclamation projects in Algiers

Beni-Zid dam

Height—43.5 m; length along ridge—141 m; width along ridge—10 m. Volume of reservoir—40 million cubic meters. Area of reservoir—286 hectares; area of irrigation—2,000 hectares.

Zit-Emba dam

Height—46.3 m; length - 595.5 m; width—10 m. Volume of reservoir—120 million cubic meters. Area of reservoir—810 hectares; area of irrigation—8,000 hectares.

"Tilezdit" hydraulic station

Height—65 m; length—425 m; volume of fill—2.4 million cubic meters. Area of reservoir—810 hectares, volume—167.2 million cubic meters.

[End boxed material]

Following the presentation, our KOMMERSANT-DAILY correspondent questioned the representations of the diplomatic departments regarding the interest of their countries in the presented projects. In the words of the advisor on economic questions of the Saudi Arabian embassy, Ali Dzhaafar, the presentation which was held was something absolutely unprecedented in Russian practice. "Up until now, not one association has approached the diplomats of our countries with such specific proposals." Mr. Dzhaafar was most interested in projects on desalinization of soils, fishing, and improving the soil indicators. But, in his words, in Saudi Arabia—a rich country, there will be room also for other Russian firms who wish to work in the sphere of road building and agriculture.

An attache of the Kuwait embassy, Rashida Al-Advani, also expressed an interest in the projects for improving soil quality and irrigation construction. The trade representative of the ARE [Arab Republic of Egypt] in Moscow, Abdel Fattakh Kharidi, announced that, although he is not a specialist who understands the technical fine points of the projects, he will surely forward all the information to Cairo. In the words of Mr. Kharidi, "the Egyptians still vividly remember the construction of the Aswan." Moreover, quite recently the Egyptian embassy sent to the MFER [Ministry of Foreign Economic Relations] of Russia proposals on cooperation from a number of Egyptian firms.

However, we should not be blinded by our desire to develop relations. After all, despite the "vivid recollections," the contract for partial re-equipment of the Aswan dam was granted not to its builders and operators, but to the Americans. So we should not lose vigilance.

Russia National Affairs

*DELOVOY MIR Economic Statistics, 3 April

945E0884A Moscow DELOVOY MIR in Russian 12 Apr 95 p 3

[Unattributed report on Russian Federation economic statistics, based on the materials of the Russian State Committee for Statistics: "The Socioeconomic Situation as of 3 April"]

[Text]

Prices for Consumer Goods and Services

Over the period from 28 March to 3 April, the price index for consumer goods and services measured 101.8 percent, including that for foodstuffs and nonfood items—101.6 percent, and for-fee services for the population—103.1 percent.

The greatest increase in prices for consumer goods and services over the week was registered in the cities of the Northwestern and Central Chernozem regions (by 2.3-2.5 percent), and the smallest—in the North Caucasus region (by 1 percent).

Indices of prices for goods and services in the consumer market were as follows (in percents):

	Of the preceding registration date			Average daily price rise	
	03/20	03/27	04/03	Over the period of 03/28-04/03	March
Consumer goods and services	102.5	101.6	101.8	0.25	0.29
including:					
foodstuffs	102.2	101.6	101.6	0.23	0.27
nonfood items	102.9	101.6	101.6	0.23	0.28
for-fee services for the population	102.6	101.5	103.1	0.43	0.33

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Foodstuffs.

Over the elapsed week, food prices rose at the same rate as over the preceding one.

Prices dynamics by main categories of food products are shown below **(in percents):**

	of the preceding registration date		
	03/20	03/27	04/03
All food products	102.2	101.6	101.6
including:			
meat and meat products	102.1	101.4	101.2
fish and fish products	102.8	102.0	101.1
edible fats	100.3	100.0	100.0
milk and dairy products	102.1	101.3	100.7
sugar	101.4	100.9	101.7
bread and bakery products	102.7	102.4	102.4
cereals and macaroni items	102.3	101.2	101.9
fresh produce, including potatoes	102.8	102.0	102.8

Over the elapsed week, prices rose at a moderate rate with respect to most foodstuffs. At the same time, prices rose at an anticipatory rate with respect to bread and bakery items, some varieties of cereals and pasta, salt, vegetables, alcoholic beverages (2-4 percent) and fruit (3-7 percent). Bread prices increased by 20-30 percent in Pskov, Voronezh, Yoshkar-Ola, and Petropavlovsk-Kamchatskiy. Prices for meat, sausages, canned meat, and frozen fish rose by 1-1.5 percent. There was practically no change in prices for butter, vegetable oil, margarine, milk, cottage cheese, and sour cream; egg prices continued to drop.

The index of the increase in the cost of the consumer basket of 19 basic foodstuffs over the week measured 101.2 percent in Russia on average and amounted to R159,100. The cost of the basket was the highest in the cities of the Far East and East Siberia, and the lowest in the cities of the Volga region. The price differential between the highest and lowest cost of the basket in the cities across Russia amounted to a factor of 3.6. In Petropavlovsk-Kamchatskiy, Tura, Magadan, and Yuzhno-Sakhalinsk, this basket cost R302,000-322,000, calculated on a monthly basis, and in Ulyanovsk, Yelets, and Voronezh—R94,000-115,000; in Moscow it cost R195,900, and in St. Petersburg—R174,400.

Nonfood Items

Over the period from 28 March to 3 April of this year, prices for these items rose at the same rate as those for foodstuffs. More significant price increases were registered with respect to gasoline (by 4.5 percent), cotton fabrics, spring-summer season clothing and footwear, knit underwear, children's goods, tobacco items, medical supplies, and printed matter (by 2-4 percent). Gasoline prices increased by 20-25 percent in St. Petersburg and Leningrad Oblast, Bryansk, Chelyabinsk, some cities in Tatarstan, and Magnitogorsk, and by 35 percent in Yaroslavl. Prices for furniture, electric appliances, television sets and radio equipment, and fragrances and cosmetics increased by 1-1.5 percent.

For-Fee Services for the Population

Over the past week, the rise in for-fee services' rates was driven by the increases in the cost of municipal and communications services. Piped gas rates increased by 8 percent, and those for electric power, water and sewage, hot water, and heat—by 3-4 percent. Long-distance telephone rates and subscription for wired radio service increased by 5-7 percent.

While rates in public passenger transportation increased overall by 3 percent, city bus and trolley bus fares increased by 4.5-5 percent, and suburban train fares—by 6.4 percent. In consumer services, there was a significant increase in the cost of laundries and photo salons (by 3-4 percent).

Consumer Market

So far in the current year, the consumer market remains stable. Saturation of retail trade with basic goods is being registered practically everywhere. A competitive environment has been created in the consumer market. Currently about 80 percent of retail sales are generated by nonstate sector enterprises.

In January-February of this year **the total volume of retail sales** amounted to R60 trillion, which is 174 percent more than in January-February of last year. In terms of physical volume, it declined over this period by 6 percent. The same decline took place in February of this year as compared to January as well.

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Changes in the total volume of retail sales are characterized by the following data:

	January-February 1995, R trillion	As a percentage of the corresponding period of 1994 (in constant prices)		February 1995 as a percentage of January 1995
		January-February 1995	February 1995	
Total retail sales	60	94	91	94
including:				
at officially registered enterprises	35	95	91	92

Over two months of this year, the population purchased R17.3 trillion worth of goods **at nonfood merchandise, mixed, and food markets.** While last year there was a stable trend of increasing sales through markets, this year shows a trend toward decline. In January of this year sales declined by 9 percent as compared to January 1994, and in February—by 2 percent. At the practically 90- to 100-percent saturation level of the consumer market with goods, the population now has a greater choice of channels for purchasing goods. As a rule, consumers are moving away from the markets because of the low quality of goods sold there.

Similarly to last year, nonfood items comprise the greater share of sales.

Over two months of this year, R28 trillion worth of **foodstuffs** was sold to the population (296 percent as compared to January-February 1994), and R32 trillion worth of **nonfood items** (257 percent). The physical volume decreased over this period by 6 percent.

The correlation between the physical volume of sales of food and nonfood items is shown below **(in constant prices):**

	Foodstuffs, as a percentage of		Nonfood items, as a percentage of the	
	corresponding period of 1994	preceding month	corresponding period of 1994	preceding month
January	94	78	99.4	85
February	94	98	89	90
January-February	94		94	

As of 1 March of this year, there were R18.8 trillion worth of **current inventories of consumer goods** in the retail sector, which in constant prices is 21 percent less than on this date last year. More than 80 percent of inventories are held by retail trade enterprises.

The change in the volume of stocks in the inventory and the ability to sustain retail sales is characterized by the following data:

	Inventories of goods in the retail sector		Ability to sustain retail sales (in sale days)
	R trillion	as a percentage of the corresponding date last year (in constant prices)	
As of 1 March 1994	8.2	104	43
1995	15.4	80	33
as of 1 January	15.4	82	33
as of 1 February	16.4	78	38
as of 1 March	18.8	79	41

The **saturation coefficient** of retail trade with basic consumer goods, calculated as the correlation between the number of cities where on the date of registration the item was available for sale, and the total number of monitored cities (130), measured 94 percent in February of this year—the same as a month ago. As compared to February 1994 it increased by 8 percentage points, including by 9 points in the foodstuffs group, and by 6 points in the nonfood items group.

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Changes in the saturation of retail trade with basic consumer goods may be seen from the following table (in percents):

	Saturation coefficient		Saturation index (February 1995 as a percentage of February 1994)
	January 1995	February 1995	
All goods	94	94	108
including:			
foodstuffs	93	93	109
of them:			
meat products	89	90	105
dairy products	87	88	110
butter	100	100	100
vegetable oil	100	100	101
eggs	100	100	101
sugar	98	100	102
fruit	99	98	100
nonfood items	95	95	106
of them:			
sewn items	98	98	104
knitwear	98	99	111
hosiery	100	100	103
leather footwear	95	96	110
refrigerators	95	97	113
color television sets	95	96	117

According to the data of a selective survey of the availability of goods in the stores, conducted by the Russian Federation State Committee on Statistics, in February of this year cheese was available in one in three stores; beef, poultry meat, cottage cheese, potatoes, yellow onions, apples, men's suits and low shoes, women's light coats, and girls' shoes—in one in two; summer salami, butter, vegetable oil, bread made of rye-wheat flour, men's shirts, and women's dresses, boots, and hosiery—in 68-75 percent of the stores. As compared to January of this year, the level of the availability of basic foodstuffs increased by 5 percentage points, and that of nonfood items remained practically unchanged.

The level of availability of goods in the stores in the Russian Federation in characterized by the following data (in percents:

	Proportional share of stores where the item was available in relation to the total number of stores surveyed	
	January 1995	February 1995
Foodstuffs		
beef	41	44
summer salami	67	71
butter	54	68
vegetable oil	69	72
eggs	58	65
sugar	60	65
Nonfood items		
men's jackets	68	66
men's suits	52	53
women's light coats	56	54
women's dresses and robes	72	73
men's low shoes	59	59
women's boots	74	73

In February of this year, as compared to January of this year, the level of availability of basic consumer items in the stores of St. Petersburg, the Chuvash Republic, and Smolensk and Novgorod Oblasts rose by 10-15 percent; in the Republic of Mordvinia, and in Vladimir and Lipetsk Oblasts—by 19-24 percent; and in Kursk and Volgograd Oblasts—by 54 and 81 percent, respectively. In the Republic of Sakha (Yakutia), and in Astrakhan and Kamchatka Oblasts it declined by 12-23 percent, and in Chita Oblast—by 31 percent.

The volume of **for-fee services** rendered to the population through all channels of delivery was estimated at R13 trillion in January-February of this year, which comprises 93 percent of the January-February of last year's level in comparable prices. In February, as compared to January 1995, 7 percent less of services in comparable prices were rendered to the population.

In the total volume of for-fee services, the share of the population's expenditures on socially essential services that used to be free or were available at a considerable

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discount is increasing; among them are health care services, education, housing, and municipal services.

The Labor Market and the Population's Employment

By the end of February 1995 **the economically active population** numbered 74.1 million, or 50 percent of the total population of the country. Of them, 68.6 million persons (92.6 percent) are employed in the economy and 5.5 million (7.4 percent) were not employed but were actively seeking employment, and in keeping with the International Labor Organization methodology, were classified as unemployed.

The federal employment service had 1.8 million persons, or 2.5 percent of the economically active population, registered as unemployed.

	As of the end of the month			
	Number of nonemployed persons registered with the employment service, thousands persons	of them, have the status of unemployed	Number of unemployed, as a percentage of the	
			preceding month	corresponding month of last year
1994				
December	1,878.9	1,636.8	105.6	195.9
1995				
January	1,963.0	1,710.5	104.5	191.4
February	2,096.3	1,838.9	107.5	185.9

By the end of February, the ratio of nonemployed persons registered with employment service's organs to one registered vacancy measured 6.6:1.

	As of the end of the month			
	Enterprises' demand for labor, registered with the employment service, thousands persons	Number of unemployed per one declared vacancy		
		persons	as a percentage of the	
			preceding month	corresponding month of last year
1994				
December	326.6	5.8	113.7	187.1
1995				
January	311.4	6.3	108.6	153.7
February	315.9	6.6	104.8	143.5

More than 5 million persons were compelled to work at a reduced work schedule or were on administrative leave. Taking these persons into account, the total unemployment potential measured 10.5 million persons, or 14.2 percent of the economically active population.

More than 1.5 million persons on an administrative leave did not receive any monetary compensation during the leave period. Below are the data on the extent of usage of reduced work schedule at large and medium-sized enterprises and organizations by economy sector:

	Number of persons who worked on a reduced work schedule at the administration's initiative		Number of persons sent on leave at the administration's initiative	
	thousands persons	as a percentage of the average number of persons on payroll	thousands persons	as a percentage of the average number of persons on payroll
Total	2,042.4	4.0	3,000.6	5.9
of them:				
industry	1,427.1	9.3	2,166.3	14.1
agriculture	40.3	0.6	74.3	1.1
transportation	312.5	8.3	99.8	2.7
communications	23.0	2.8	0.8	0.1
construction	121.5	3.0	482.4	11.8
trade and public catering	27.2	1.0	22.3	0.8

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	Number of persons who worked on a reduced work schedule at the administration's initiative		Number of persons sent on leave at the administration's initiative	
	thousands persons	as a percentage of the average number of persons on payroll	thousands persons	as a percentage of the average number of persons on payroll
material and technical supply and distribution	6.9	1.8	12.6	3.2
procurement	2.8	2.1	3.0	2.2
housing and municipal services, nonproduction types of everyday services for the population	4.6	0.2	12.3	0.6
health care, physical culture and sports, social security	3.0	0.1	4.5	0.1
education	1.9	0.0	11.9	0.2
culture and arts	1.5	0.2	3.0	0.3
science and science-related services	61.4	4.7	85.1	6.5

The amount of time not worked because of compulsory leave and transfer of workers to a reduced work schedule is equivalent to 2.5 million full-time workers not showing up for work daily. In addition, there is considerable hidden unemployment, which is characterized by low income of workers, underutilization of their skills, and low productivity, in the equivalent of about 6 million full-time workers.

On prolonged enterprise and production down time in industry. In February 1995, 5,798 industrial enterprises experienced production down time and operated on a reduced work schedule (5,835 in January). Loss of work time declined somewhat as compared to the previous month and amounted to 18.4 million man-days (14.7 percent of authorized work time as compared to 15.9 percent in January).

Over the elapsed month, 598 enterprises (10 percent of the total number of enterprises that experienced down time) fully halted production for more than one shift (mainly enterprises in the light and food processing industry, machine-building and metalworking, and construction materials industry).

At enterprises that experienced down time, 17 percent of employees were on extended unpaid or partially paid leave at the administration's initiative (in the wool, garment, footwear, textile, and cotton industry—between 31 and 43 percent). Almost 18 percent of employees of these enterprises, or 7.5 percent of the total labor force in industry, worked on a reduced work schedule.

Protracted down time at enterprises and production facilities in industry by month in 1994 and over the elapsed period of this year are characterized by the following data:

	Number of enterprises where down time occurred	including those that fully halted production	Loss of work time	
			thousand man-days	as a percentage of authorized work time
1994				
December	5,177	353	18,616	13.6
1995				
January	5,835	752	19,049	15.9
February	5,798	598	18,418	14.7

As in the preceding months, most of the down time occurred at enterprises and production facilities in machine-building and metalworking (55 percent of all losses in industry), light industry (22 percent), and the chemical and petrochemical industry (6 percent).

The main causes of forced down time remain the same: difficulties in selling output because of the insolvency of consumers (36 percent of the total loss of work time) and lack of physical resources because of enterprises' lack of the working capital to purchase them (52 percent). About 7 percent of the total loss of work time is attributed to conversion of industrial production.

Loss of work time by main cause of down time in industry sectors in February 1995 is characterized by the following data:

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	Number of enterprises where down time occurred	Loss of work time, total, thousand man-days	Of total loss, losses due to, in percents	
			difficulties selling output	shortage of physical resources
All industry	5,798	18,418	35.8	52.1
of this:				
fuel industry	46	91	55.8	22.6
ferrous metallurgy	84	464	35.5	36.9
nonferrous metallurgy	45	215	43.7	54.9
chemical and petrochemical industry	252	1,067	35.7	52.8
machine-building and metalworking	1,796	10,081	39.2	43.4
timber, woodworking, and pulp and paper industry	563	565	21.9	72.8
production of construction materials	587	585	51.4	40.9
glass and porcelain-pottery industry	52	137	48.8	44.1
light industry	1,103	4,124	27.1	71.5
food processing industry	1,018	838	28.8	65.7
microbiological industry	13	24	78.6	18.4
milling and cereal-making; feed concentrate industry	101	60	45.4	49.4
printing industry	50	44	34.3	60.9

As of the beginning of 1995, 88,200 **foreign nationals** were working in the Russian Federation economy.

Over 1994, the Russian migration service's offices issued to enterprises and individuals permits to bring in 192,000 persons (67 percent), [as published] of which 98,000 persons were granted the right to engage in labor activities as part of labor collectives of Russian enterprises, 29,100—within the framework of subcontracting agreements, and 1,900—for employment by individuals.

Foreign labor was brought in from 100 countries of the world. The majority—105,900, or 82 percent, came from seven countries.

Below are data on the number of foreign nationals brought in to work in Russia, by continent and country:

	Thousand persons	As a percentage of the total
Total	129.0	100
of which:		
from European countries	12.0	9.3
of which:		
Federal Republic of Yugoslavia	3.1	2.4
from the former USSR countries	73.8	57.2
of which:		
Ukraine	55.1	42.7
Belarus	5.8	4.5
Moldova	3.7	2.9
from Asian countries	41.8	32.5
of which:		
China	20.3	15.7
Turkey	12.1	9.4
South Korea	5.9	4.5
from the countries of the Americas	1.3	1.0

Foreign labor was used in 73 Russian Federation components. Its main importers are six regions, which account for more than one-half of all the labor brought in. Below are data on the main labor importers:

	Thousand persons	As a percentage of the total
Khanty-Mansi Autonomous Okrug	20.4	15.8
city of Moscow	15.2	11.8
Maritime Kray	11.3	8.2
Belgorod Oblast	10.5	8.1
Yamal-Nenets Autonomous Okrug	9.2	7.2
Rostov Oblast	8.4	6.5

The overwhelming majority of migrant workers (90 percent) were brought in for jobs at enterprises and organizations in material production sectors, including construction—R58,400 (45.3 percent), industry—29,000 (22.4 percent), agriculture—20,700 (16.0 percent), and transportation—7,800 (6 percent).

Russian citizens' temporary employment abroad, both through the organs of the Russian migration services and

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private placement companies, amounted to 8,100 in 1994. Below are data on the number of Russian citizens who found employment abroad, by continent and host country.

	Persons	As a percentage of the total
Total	8,083	100
including:		
to European countries	990	12.2
of which:		
Greece	484	6.0
Germany	171	2.1
Poland	134	1.7
to the former USSR countries	6	0.1
to the Asian countries [no figures in original]		
of which:		
Cyprus	1,622	20.1
Japan	223	2.8
Malta	148	1.8
to the African countries	353	4.4
of which:		
Liberia	209	2.6
to the countries of the Americas	4,269	52.8
of which:		
the Bahamas	3,982	49.3
the United States	118	1.5
Panama	115	1.4
to Australia	148	1.8

Last year through the brokerage of the Russian Federation Federal Migration Service, residents of 10 regions of Russia worked abroad, more than half of them (4,400 persons, or 54 percent) Krasnodar Kray residents. Almost three-quarters went to work for the period between six months and a year, and another one-fifth—up to six months. About 80 percent of Russian citizens at the time of leaving worked at enterprises and organizations in transportation, and 7 percent—in culture and art organizations.

According to the Russian Federation Federal Migration Service's estimates, employment of Russian citizens abroad will increase somewhat. Foreign labor brought in will not exceed 200,000-230,000 persons.

In February of this year, **strikes** were conducted at 249 enterprises, organizations, and institutes of the country, including at 142 fuel industry enterprises.

	Number of organizations where strikes occurred	Number of participants, thousand persons	Loss of work time, thousand man-days
January	96	4.7	12.7
February	249	146.1	572.3

The greatest loss of work time due to strikes was sustained in January-February at Rostov Oblast enterprises. In four education facilities in Kamchatka Oblast, strikes carried over from January.

Below are data on strikes in January-February of this year by economic sector:

	Number of organizations where strikes occurred	Number of participants, thousand persons	Loss of work time, thousand man-days
Industry	159	123.5	472.5
of that, fuel industry	142	113.1	440.3
Education	124	5.8	20.4
Transportation and communications	15	7.3	34.0
Construction	8	5.1	17.0
Other	35	8.9	41.1

The main cause of strikes were budget arrears for 1994 and delayed payment of wages.

*Financial, Economic State of Entrepreneurship Evaluated

954E0899A Moscow IZVESTIYA (FINANSOVYYE IZVESTIYA supplement) in Russian No 28, 20 Apr 95 p 16

[Article by Valeriy Cherednichenko, deputy director of the Center for Social Forecasting and Marketing, under the rubric "Finances and Society": "The Prosperity of the Regions Depends on Development of Small and Medium-Sized Business"]

[FBIS Translated Text]

Evaluation of the General Financial-Economic Condition of Entrepreneurs as Legal Persons

There are about 2 million joint stock companies, small enterprises, limited partnerships, and private and individual enterprises in Russia today. According to predictions, their numbers will increase by at least 30 percent

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every year. Such intensive development of a new social class in Russian society entails changes in distributive relations and vigorous formation of a new financial-production base of entrepreneurship.

Based on the results of all-Russian and regional polls conducted by the Center for Social Forecasting and Marketing in 1994, the financial-economic condition of Russia's small and medium-sized business can be characterized as follows. The overwhelming majority of entrepreneurs are involved in trade and commerce, 46.3 percent on the average. Only 19.6 percent prefer to work in the sphere of production and construction. One out of five entrepreneurs (20 percent) have another business. This attests to the diversification of capital and its redistribution among several spheres in order to transfer it quickly to preserve maximum profit. In light of that, half of all the industrial firms polled use trade as an additional financial source for their production activity.

The main sphere of activity of small and medium-sized business is the region where the enterprise operates. On the average 42.9 percent of the firms operate within the boundaries of a city (or oblast); 16.2 percent—within Russia's borders; and 32.1 percent—within the borders of the CIS.

The level of qualifications of personnel working in small enterprises is very high—37 percent of the employees have higher education and 39.4 percent have secondary education.

Seventy-four percent of the entrepreneurs use their own personal savings as starter capital, while another 5.3 percent borrowed money from friends, and only 1 out of 31 (3.2 percent) obtained the capital in the form of state aid.

Of the entrepreneurs polled, 40 percent have savings in banks. The amount of these savings equals an average of 10.2 percent of the firm's total value.

On the average only one out of five firms (23.7 percent) has debts equal to more than 41.7 percent of the amount of the small enterprise's total value. But if we take into account that the amount of savings is equal to 10.2 percent of a firm's total value, and fixed capital comprises another 43.4 percent of the firm's total value, it is obvious that even for firms with debts, those debts are equal to only ten-thirteenths of the total value of the fixed capital and the amount of savings.

Average profits are equal to 16.2 percent of the volume of working capital. Naturally, this is an extremely understated figure, since despite the interviewers' proficiency, many of the entrepreneurs polled indicated that the question of their real income and profits is a question for racketeers and the tax inspection office.

All the data enumerated above confirms that small and medium-sized business is a highly profitable, effective, and profit-making part of the economy.

One of the most acute problems for small and medium-sized business is the search for financial capital. With a small amount of capital stock and restricted use of profits for development, entrepreneurs are very interested in foreign sources of investment. According to data from the Center for Social Forecasting and Marketing, 18.8 percent of the small enterprises utilize bank credit. But overall banks are at present not interested in granting credits to small and medium-sized business. The sharp drop in the proportion of credits attests to this (28.8 percent of the entrepreneurs polled formerly utilized credits). In light of that, almost 1 out of 10 businessmen (9.4 percent) was forced to ask for money from "underground bankers" at the pertinent interest rates. The credits are insured in most cases, and the firm's physical assets are used as security.

Small firms devote serious attention to technical support, since this helps substantially reduce administrative costs, raise flexibility and maneuverability in market conditions, and speed up the adoption of decisions. Four-fifths (83.7 percent) of the small firms polled have telephones; one out of three has fax machines (34.9 percent) and computers (37.4 percent); and one out of four has copy machines (25.7 percent).

Overall, despite the competition (32.9 percent believe that they have a high level of competition, while another 26.7 percent believe that the competition is average), 9 out of 10 entrepreneurs (90.5 percent) believe that their firms have prospects for growth. Such optimism is corroborated by the fact that the income of two-thirds of the businessmen polled (61.3 percent) increased in 1994.

Entrepreneurs as Physical Persons: The Structure of Expenditures and Income

During 1994 the average level of personal (individual) income increased among entrepreneurs. From June through October, income rose in absolute figures by a factor of 1.6—from 201,000 rubles [R] per month to R323,000 per month per family member. Wages are in first place in entrepreneurs' structure of income; they comprise 87.2 percent of the family's total monthly budget. In second place is additional extra pay (8.4 percent), and in third place is income from stock, securities, and deposits (2.3 percent).

The relatively small proportion of deposits from property indicates that Russian entrepreneurs either have not yet had the opportunity to create substantial savings for deposits in order to obtain additional income and for now spend money to acquire durable goods and luxuries, or the respondents do not distinguish personal income and income of the firms they head in the responses to the question of the nature of incomes.

Changes also occurred in the structure of expenditures. First, the proportion of monetary reserves drastically declined (from 31.4 percent in June to 18.8 percent in October 1994, that is, to ten-seventeenths of its former level). The most likely reason for this process is the panic on the financial market in the fall of 1994. Also declining

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were relative expenditures for food (from 39.1 percent to 34.9 percent) and fees for municipal and domestic services (from 5.7 percent in the structure of the expenditure part of the budget to 3.7 percent). Secondly, expenditures increased for recreation (from 7.5 percent to 8.0 percent) and for buying clothes and shoes (from 16.3 percent to 17.9 percent). Overall, entrepreneurs spend about 3 billion dollars a month on the family; of that amount 61 million dollars is monetary reserves.

Investment Opportunities and the Behavior of Entrepreneurs

During the year the proportion of entrepreneurs who had monetary reserves increased, while there was a simultaneous decline in the absolute amount of monetary reserves (from 107 dollars to 61 dollars in the family budget. See Table 1). There may be several reasons for this.

Table 1. Proportion of Entrepreneurs Who Have Monetary Reserves

Item	March 1994	June 1994	October 1994
Proportion of Entrepreneurs Having Monetary Reserves, in percentages	14.1	31.4	—
Average Amount of Monetary Reserves:			
thousands of rubles per family	197	201	182
American dollars per family	107	73	61

The first is the result of the seasonal influence of the end of the year when bills must be paid and purchases paid for and inflation expectations begin to have an effect. The second reason is the overall increase in the number of entrepreneurs with monetary reserves during the year; this naturally means a decrease in the amount of these monetary reserves, since new strata of less prosperous entrepreneurs are included. The third reason is that a certain amount of the monetary reserves are used in business to settle accounts on their business transactions. This is especially typical of small and medium-sized business, where it is often the family which is the key structural element of a small enterprise. The fourth reason is that the continued development of the market in Russia creates more and more new spheres for investing capital which are quite attractive to clients.

We can use Figure 1 to judge the areas in which entrepreneurs use income. The purchase of durable goods continues to be in first place; one out of five families of entrepreneurs does this (22.1 percent); in second place is purchase of hard currency (16.3 percent); and in third place is bank deposits (12.8 percent). Let us note here that the proportion of entrepreneurs who deposit monetary reserves in banks has almost doubled. The proportion of those acquiring gold and valuables has also drastically increased—by a factor of 2.5 (from 2.8 percent to 7 percent).

Structure of Entrepreneurs' Investment Behavior (in percentages)

	June 1994	March 1994
Keep in Banks	12.8	6.5
Pay Insurance Premiums	1.2	0.5
Make Contributions to the Pension Fund	0	0
Keep in "Another" Form	4.7	5.6
Buy Durable Goods	22.1	23.4
Acquire Gold and Valuables	7	2.8
Acquire Antiques	2.3-4	0
Acquire Real Estate	5.8	12.1
Acquire Hard Currency	14.3	19.6
Acquire Stock and Securities	3.5	2.8
Other Types of Investments	4.7	6.5

We can use Figure 2 to examine the level of entrepreneurs' use of various subjects of the financial market (banks, insurance companies, and pension funds). Most prefer commercial banks—two out of three entrepreneurs do (57.4 percent). One-half fewer entrepreneurs use Sberbank [Savings Bank] (24.8 percent), and 1 out of 11 use the services of financial-trust companies (8.9 percent). The proportion using insurance companies is relatively small (5.9 percent).

Proportion of Entrepreneurs Using the Services of Financial Companies, Banks, and Funds (as of December 1994) (in percentages)

Commercial Bank	57.4
Sberbank	24.8
Pension Fund	0
Insurance Company	5.9
Firms (Companies) Which Accept Money from the Population [text illegible] Growth	8.9
Other	13.9

Since banks are most vigorously utilized by subjects of the financial market, let us look at them in more detail (see Table 2).

Table 2. Banks in Which Entrepreneurs Prefer To Keep Rubles, Hard Currency, Valuables, and Securities, in percentages for 1994

Item	Percentage
In Sberbank:	
rubles	23.3
hard currency	7.0
valuables	10.5
securities	19.8
In Commercial Banks	:
rubles	40.7
hard currency	32.6

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Table 2. Banks in Which Entrepreneurs Prefer To Keep Rubles, Hard Currency, Valuables, and Securities, in percentages for 1994

Item	Percentage
valuables	18.6
securities	27.9
In Foreign Banks:	
rubles	2.3
hard currency	36.0
valuables	11.6
securities	10.5
Prefer To Keep at Home:	
rubles	23.3
hard currency	23.3
valuables	48.8
securities	32.6

In commercial banks entrepreneurs prefer to keep rubles (40.7 percent) and hard currency (32.6 percent). In Sberbank they mostly prefer to keep rubles (23.3 percent), but this is one-half the proportion of entrepreneurs who want to keep rubles in commercial banks.

Foreign banks are in the lead for keeping hard currency; one out of every three entrepreneurs (36.0 percent) does this. But entrepreneurs prefer to keep valuables and securities at home; practically one out of two entrepreneurs (48.8 percent) does this with valuables and one out of three (32.6 percent)—with securities and stock. Naturally, the expression "keep at home" is very arbitrary; it usually refers to rented safes in banks and offices. But this phrase means that valuables and securities are not deposited in banks for obtaining profit but used by the entrepreneurs at their own discretion.

At the same time, however, as Figure 3 makes clear, entrepreneurs need certain additional banking services (other than deposits). As was noted above, the need for long-term credits is far ahead; practically one out of two entrepreneurs (44.6 percent) needs them. Services related to the use of money and securities on the depositor's orders came in second. One out of every four polled (23.8 percent) indicated this. Obviously, the scandals involving the AO [joint stock company] MMM, "Tibet," and so forth did not go unnoticed, and now entrepreneurs prefer more civilized means of using free capital. There continues to be a great need for noncash account settlements—one out of four (19.8 percent) would like to pay for their goods through a bank; one out of six (16.8 percent) would like to use credit cards; and one out of seven (13.9 percent) would like to transfer their wages to a personal bank account.

Proportion of Entrepreneurs Wishing To Use Other Banking Services in Addition to Deposits (in percentages)

	March 1994	June 1994	October 1994
Transfer of Wages to Personal Bank Accounts	13.9	14	14.2
Use of Account Settlements To Obtain Items [possibly, previous text illegible]	19.8	27.9	14.2
Keeping of Securities and Stock	0	22.1	14.2
Use of Individual Safes	10.9	15.4	17.9
Issuance of Checks [possibly] To Pay for Goods and Services	0	16.3	15.1
Advancement of Long-Term Credit	44.8	41.9	41.5
Issuance of Credit Cards	16.3	31.4	32.7
Use of Investors' Money and Securities on Their Orders To Make Profit	23.8	0	0
Other	9.9	3.5	1.9

The steady decline in the proportion of those wanting to use individual safes attracts attention—it declined from 17.9 percent in March to 10.9 percent in October, as did the proportion of those needing credit cards—from 37.7 percent in March to 16.8 percent in October. This suggests the intensive development of the market for these services and increasingly greater satisfaction of entrepreneurs' need for these services.

*Investment Risks Assessed

954E0891A Moscow IZVESTIYA (Finansovyye Izvestiya Supplement) in Russian No 27, 18 Apr 95 p 4

[Article by Lev Makarevich: "Russia Remains a Highest-Risk Country: Factors Curbing an Influx of Bank Investments in the Economy Are Analyzed by Lev Makarevich, expert of the Association of Russian Banks"]

[FBIS Translated Text] *Having completely halted the market reforms, the Russian authorities have eased for a time the danger of a sociopolitical explosion and even civil war, which was hanging over the country particularly menacingly in October 1993. But, as a result, systemic economic risks leading toward the same consequences have intensified.*

The recent meeting in London of the board of directors of the European Bank for Reconstruction and Development (EBRD) permitted once again a view of the Russian economy through the eyes of Western financial experts. The picture that is presented to them is very forbidding and monotonic, without regional or branch nuances. Russia, on the whole, is perceived as an exceptionally high-risk country where it is possible to function only in accordance with several operational formats. This is not simply a "fledgling market" but a most extreme, unpredictable variety of it.

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All the investment-risk groups here continue to deteriorate. Although with the sociopolitical risks this is happening somewhat more slowly than with the domestic and foreign economic risks. Thus threats to stability from outside are not seen or are very indistinct. Discriminatory measures against Russia on world markets and the attempts to supplant it there completely represent the main danger.

The Government

would appear more stable than six months and a year ago. Almost all the figures who advocated the dismantling as quickly as possible of the former state-monopolized, overmilitarized economy and its political and administrative superstructure in favor of a market, democratic system of the Western model have been removed from it.

It would appear that it has been recognized at the "top" that so drastic a break (in a country where the vast majority of society, the economically active population included, is still maintained by the state, to which, in turn, over 90 percent of tangible assets belongs, and where 80 percent of industry, the best workers, and the scientific and technological personnel worked for the military-industrial complex) would signify upheavals such as would have jeopardized Russia's very existence.

The government course was urgently corrected. Market reforms were suspended in order, the explanation goes, to make them less painful and dangerous for all strata of society. Primarily for the governing elites supporting the present authorities and opposed to them.

Relations With the Official Opposition

have changed noticeably. The impression is that both camps have concluded a tacit, unadvertised agreement, as it were, on a renunciation of the former confrontational opposition. Some representatives of opposition parties have been incorporated in the government. The "opposite extremes" (ultra-right, nationalist, and far left, some of which were operating illegally) have with general tacit approval been cut off from participation in politics, with the aid of methods of criminal procedure included. In the period 1991-1993 the opposition and the ruling group actively exploited these political foot soldiers in the mutual antagonism, which just about brought Russia to the brink of civil war. Attempts to adhere to some gentlemen's agreements, mutual flexibility, caution, and even the borrowing of program propositions, slogans, and tactical methods from one another emerged subsequently in the relations of the authorities and the opposition. Several attempts at a vote of no confidence in the government were thwarted.

Almost no one wants a recurrence of the events of August 1991 and October 1993. The legal opposition has vigorously embarked on the formation of a center bloc in order to repeat by the peaceful, nonviolent path the success of the left in the countries of East Europe and a number of republics of the former Union, while preserving the overall reference point of a mixed economy.

Similar attempts by the president and the government have been less successful. The parties that supported them in the past (Russia's Choice and others) are discredited and split, have lost their former influence, and have been pushed into the opposition, where they are having difficulty finding a common language among themselves. Signals concerning the possible participation of the head of state in the elections and that there will be in society a sufficiently broad base on which he can rely are coming from the presidential entourage. Nor can the version which worked in the Central Asian republics where by way of referendums the presidents have extended their terms to beyond the year 2000 be ruled out. A postponement of the parliamentary elections, which would suit the majority of deputies, is likely also.

The Panorama of Social Tension

is highly variegated both by branch and by region. On territories with a developed extractive, export, and financial basis and infrastructure the situation is more stable than in the oblasts that are experiencing a deeper recession and in which uncompetitive civilian and military industries are concentrated. Here the situation is very tense.

Relations Between Manpower and the Managerial Machinery

are complex. The managers of many enterprises wholly or partially belonging to the state are succeeding in redirecting the discontent, protest actions, and strikers' demands against the organs of state power. Its policy in response is the "pinpointed" throwing of wages, bonuses, subsidies, credit, and so forth into the strata, regions, and branches where at the given moment the most explosive situation is shaping up. Massive monetary issue is employed in individual instances as an extreme measure.

The Level of Unemployment

is very hard to gauge precisely. Particularly because its hidden forms in Russia are among the highest in the world. To achieve social stability the authorities are keeping unprofitable, loss-making factories afloat and maintaining employment artificially. Currently, according to official data, 13.5 percent of the active population is out of work. But in individual oblasts this figure is even higher—25 percent and more than 50 percent even.

The Distribution of Aggregate Income

is extremely uneven and has already brought about the sharp stratification of society. Whereas at the start of 1991 the ratio of the income of the poorest and richest was 1:4, it could constitute 1:20 in 1995. According to international criteria, a danger of social explosion ensues with a proportion of 1:10. In Russia, with its enormous expanses and economic comminution into a multitude of enclaves, social explosions also are of a local nature as yet, as the Maritime region, the Kuzbass, Vorkuta, Petersburg, and so forth show.

The Attitude of the Authorities Toward Foreign Investments

is extraordinarily benevolent in words, which was emphasized by the Russian representatives in London at the

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meeting of the board of directors of the EBRD. In practice the incentives and safeguards for foreign investments are not even remotely reminiscent of the conditions of the Far East "tigers" and the new industrial countries. Our authorities cannot offer either an adequate structural policy or long-term privileges (in terms of taxes, customs procedures, reinvestment, repatriation of profits, and much else). And are forced to constantly change the rules of the game depending on a change in the economic and political situation.

A real threat of the renationalization of a number of branches (without, what is more, compensation even, had this taken hold legally) arose for the first time throughout the period of privatization at the end of 1994. Their transition to the control of the private sector and foreign capital was creating, as some in the government believed, a threat to national security. Investors, foreign primarily, responded immediately by the mass unloading of the shares of these enterprises and government securities. The scale of the possible flight from Russia of foreign capital was so great that the president and the cabinet urgently sounded the retreat. Nonetheless, the subject of nationalization remains an important point in the programs of some opposition forces. Major stock-company factories dreaming of public ownership are presenting the same demand also.

Relations With the Local Bureaucracy

are changing also. Following the events in Chechnya, the ruling bloc has made its choice, it would seem, in favor of further concessions to the territories. With persistence and diplomacy they will obtain, evidently, even more rights in the use and conservation of natural resources and the tax, economic, including foreign economic, and other spheres and some federal property. On one condition: in exchange for the preservation of sociopolitical tranquillity in the regions and the integrity of the state.

Government Intervention in the Economy

has increased sharply as of late and become permanent and decisive. The difference between the governing bloc and the opposition is merely in the degree of dirigisme. But it is assigned a decisive role in both cases.

State Ownership in the Economy

remains preponderant. Considering the state's share of stockholder equity in mixed enterprises, it constitutes, as before, no less than 90 percent of summary tangible assets. The democrats' hopes of the creative power of a self-adjusting, self-regulated market were rapidly dispelled back in 1992 in the encounter with harsh Russian reality. In the immediate and, at least, the medium term the state and the public sector in economic life will be predominant.

The Domestic Economic Risks

in Russia are very high. Not only in 1995 but in 1996-1997 also the overall state of the economy will deteriorate. Serious problems persist in practically all spheres. Compared with 1989, the last year when if only some growth was observed, the gross domestic product and national income will decline 54 and 57 percent respectively. A further decline in industrial production, of 58 percent, agrarian production, of 28 percent, and capital investments, of 68 percent, is expected. According to the forecasts, current inflation will not fall below 200 percent. If there is any slowing in its dynamics, it will only be negligible. The structural and technical degradation of Russian industry will continue. The economy will become even more of a raw material, primitive economy.

Access to Foreign Financing

remains, as the recent negotiations with the IMF showed, greatly in question. Funding on the part of the International Monetary Fund, the EBRD, and other organizations will be bound by strict conditions, which it will be very difficult for the Russian authorities to meet. Credit and investments along official lines are exhausted together with confidence in the Kremlin. The private sector will be confined to venture capital.

The Surplus of Cheap Manpower

in Russia is considerable. In a number of sectors (banking, the market, insurance, auditing, and commercial, the military-industrial complex, aviation and space, vehicle manufacturing, electronics, petrochemical industry, R&D, and others) personnel skills are quite high. But in no branch does manpower have the skills, motivation, labor intensity, productivity, quality, and engineering availability observed in Western countries. Market changes have not made it down to the micro-level, to the plant outfits.

It is a long time since the government has been in a position to sustain an

Austere Monetary Policy

Lacking its own powerful base in society and an electorate, it has been forced continually to yield to pressure on the part of various "pressure poles" (branch, regional, corporate, and others). Tax and fiscal measures are not stimulating but suppressing demand and production in every possible way. The level of taxes and their quantity are the highest in the world. Enterprises are forced to "unbutton" for the treasury 95-98 kopeks out of each ruble earned.

Tax evasion has assumed general proportions (up to one-half of taxes is not collected). Without this, any form of activity is becoming simply unprofitable. The obligations which the state reserves for itself are so great and the efficiency and competitiveness of the Russian economy are so low that in the foreseeable future taxes will only rise.

The Development of the Oil and Gas Complex—the main export and foreign exchange branch—will remain a priority together with other extractive industries. But in recent years the recession has affected the fuel and energy complex also, including gas production, which had never been observed before. Equipment and the infrastructure have suffered heavy wear and tear. The old deposits have been worked out or squandered. The new ones—in areas of the Far North—are inaccessible and require colossal investments, which the government does not have.

The Foreign Economic Risks

are not diminishing. The state of the balance of payments with the dollar zone remains overstretched owing to the

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big foreign debt (over $130 billion in 1995 compared with $60 billion in 1990), difficulties with the payment of the interest and the restructuring of the debt, the mass flight of capital from Russia (it is estimated that $300 billion are concealed overseas), and the very modest reserves of gold (321.9 tonnes as of 1 January 1995 compared with 2,500 tonnes in Soviet times) and freely convertible currency (approximately $2 billion).

The Trade Balance

is in surplus. This has been achieved exclusively thanks to deferred payments on foreign loans, the artificial limitation of the domestic consumption of exportable commodities, and a cut in imports, on which approximately one-third of production depended earlier. The government is doing everything to preserve the surplus balance, and it has every opportunity to do so. The increase in exports and imports will be negligible: 7.4 percent and 9.5 percent respectively, according to the majority of estimates.

There are many problems with the balances of trade and payments of the ruble zone, where settlements are tied to the dollar. On the whole, Russia maintains a surplus balance, which is explained by the insolvency of the former republics of the USSR (except, possibly, for the Baltic). Even following the steep reduction in swing credit, Moscow continues, essentially, by its commodity and raw material and finance capital to support almost all of the "near" abroad, which is making its own position worse.

There continues to be a multitude of

Restrictions on the Movement of Capital

On the domestic market they are connected mainly with the fragmented and isolated nature of its individual segments and regions and the extreme underdevelopment of the infrastructure and supply lines. There are many obstacles to the transfer of financial resources across external borders. From Russia they are possible for residents only illegally or semi-legally. For nonresidents the repatriation of profits is "loaded" with a bunch of conditions. The influx of large foreign investments from overseas will be unrealistic until Russian has private law and normal (from the West's viewpoint) market conditions.

The Procedures of Restrictions on Trade With the Dollar Zone

will be simplified appreciably for exporters and will become considerably more complicated for importers. For the latter the tightening is already up against the "ceiling." The provision of large cities like Moscow, Petersburg, Yekaterinburg, and others with foreign food and other basic necessities and goods in general demand has reached 50-75 percent. A further reduction in imports would create serious political problems for the government, which is the last thing it wants in these pre-election years.

The Exchange Rate of the Ruble

will continue to be "scoured" by a minimum of 10-15 points and more a day. Because it is tied to domestic wholesale and retail price dynamics, the Russian currency could depreciate over 200 percent in relation to the dollar in the course of the year. The official authorities are disposed toward a further tightening of foreign exchange procedures in Russia, where the dollar supply is already twice, and according to some estimates, four times as much as the amount of cash rubles. The introduction of a fixed rate of exchange is technically possible, of course. But this would immediately paralyze exports and the influx of foreign investments and would entail other negative consequences.

A Radical Change in the World Oil Price

is not expected. If only of some of the former volumes of production are restored, Russia will preserve an important currency reserve.

Using the international scale of investment risk from one (best) to 10 (worst), Russia compositely gets a 10. The problem, though, is that the procedures of area risk assessment adopted in the West are imperfect. They do not permit a realistic comparison of prices, rates, subsidies, privileges, or taxes or the value of money, labor, and other assets. Especially in Russia, where there is no one dependable anchor or reference point for economic analysis since there is no actual market economy or its foundation.

The risk assessments based on macro- and microeconomic platforms using latest-generation computers and software are wholly inefficient also. They provide a more detailed, comprehensive picture of a specific investment target against the backdrop of the general panorama. Only, once again, not in our country, where a large part of the economy is utterly opaque and works in "black" and "gray." It is entirely inaccessible and unsusceptible to any control or statistical accounting on the part of the state.

All investments in Russia must have 100 percent reserve cover, regardless of credit recipient, timeframe, and guarantors. It is essential to back each credit facility with 100 percent liquid security actually transferred to the creditor or, with his consent, to a third party. The facilities and individuals to be funded should be selected only following an audit performed to the strictest international standards with a careful ranking in terms of solvency, credit limits, monitoring, and the compulsory use of other forms of risk insurance. In order that the money might work and produce income, even when everything is collapsing all around.

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